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Ontario Hydro Electric

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LDG., TORONTO

Inquiry Commission, 1922-1924

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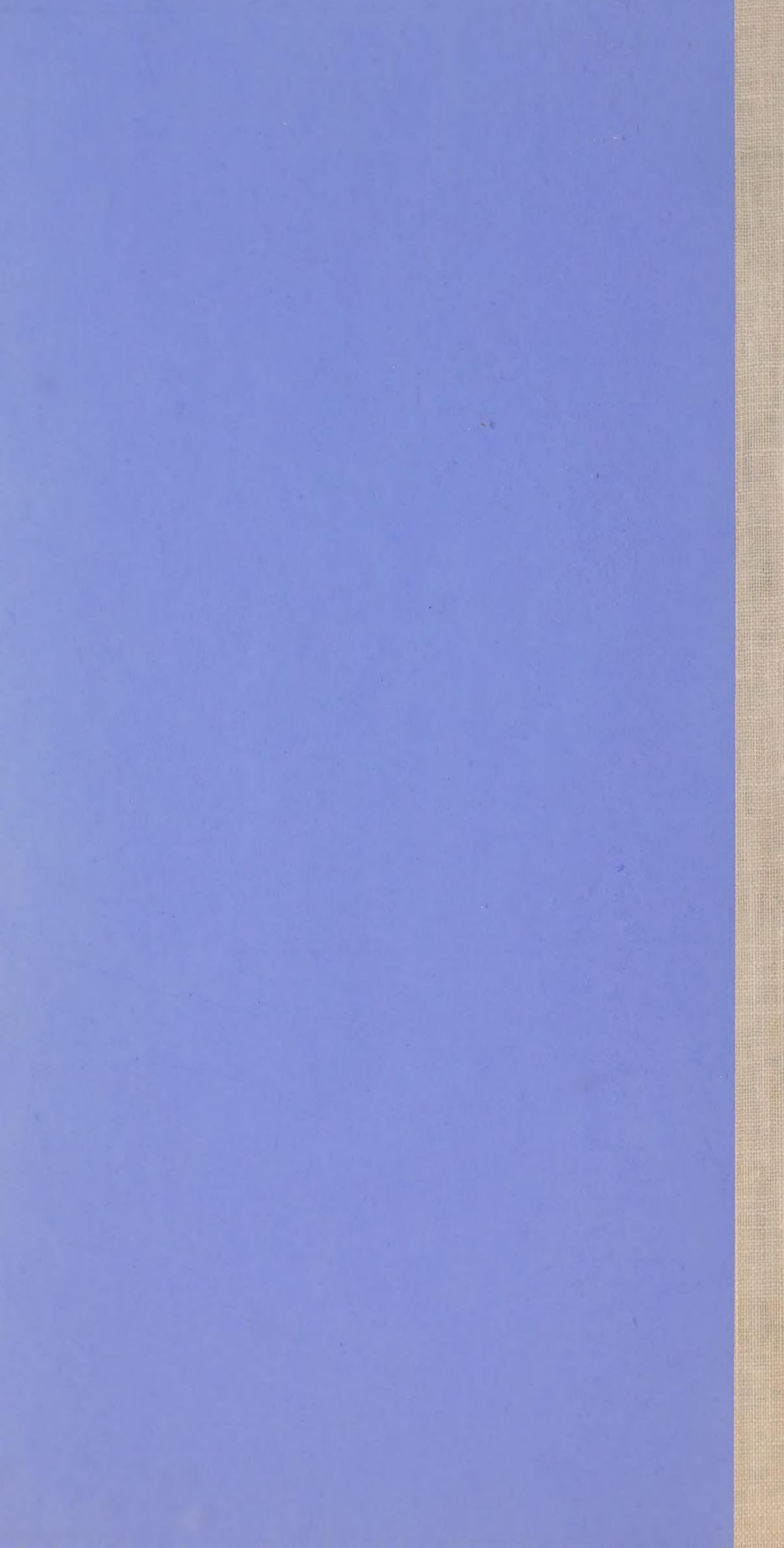


HYDRO ELECTRIC ENQUIRY COMMISSION

GENERAL RELATIONS

TORONTO, APRIL 25TH, 1923.

W. C. Coo,
Official Reporter



HYDRO-ELECTRIC INQUIRY COMMISSION

PARLIAMENT BUILDINGS, TORONTO,

WEDNESDAY, 25th APRIL, 1923.

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(The Commission adjourned at 6 P.M. until
10:30 A.M. to-morrow (April 26th, 1923).

HYDRO ELECTRIC INQUIRY COMMISSION.

TORONTO, APRIL 25th, 1923.

P r e s e n t:

W. D. GREGORY, ESQ., CHAIRMAN.

M. J. HANEY, ESQ., COMMISSIONER.

R. A. ROSS, ESQ., COMMISSIONER.

J. H. W. BOWER, ESQ., Secretary of the Commission.

I. B. LUCA3, ESQ., K.C., Representing Hydro Electric Power
Commission.

G E N E R A L R E L A T I O N S

THE CHAIRMAN: Among the questions referred to this Commission is that of the relationship, financially and otherwise, between the Government and the Hydro Electric Power Commission of Ontario. At the last meeting of the Ontario Municipal Electric Association the matter appears to have been discussed and a resolution was passed reading as follows:

"That this meeting of representatives of the Municipalities of the Niagara System engaged in the development, transmission and distribution of electric energy as a municipal undertaking desire to place ourselves on record as believing the time has come to take such steps as will relieve the Provincial Government from all financial responsibility and place the administration and control of the Hydro-Electric System in the hands of

the municipalities who are owners and are financially responsible for the undertaking." That appeared to us to be an important resolution. As the matter has been discussed and considered by these gentlemen we desire to have their opinion upon the subject and to hear the reasons which they advance for making this change and at the same time we notified the local commissioners throughout the country of this sitting and stating they would have an opportunity to be heard, as we wished to hear representatives from all quarters. We also stated we wished to have both sides of the question discussed; those who are in favor, or if there are any opposed, to hear them as well. So that we would have a thorough discussion of the subject and in that way help to arrive at some conclusion in the matter.

We have thought it best to begin by hearing from the auditors of the Commission, Messrs. Clarkson, Gordon and Dilworth, so as to know exactly the financial relations between the Government and the Commission at the present time, so that we may know exactly how we stand before we begin to hear evidence. We will ask Mr. Guilfoyle, a member of the firm of Clarkson, Gordon and Dilworth, who has had charge of the Hydro accounts, to give us a statement as to the outstanding indebtedness of the Province in respect to the Hydro Electric Power Commission and also as to the guarantee that has been given in respect of any of the Hydro undertakings. After we have heard Mr. Guilfoyle we will ask members of the Ontario Municipal Electric Association to express their views upon the subject.

H. E. GUILFOYLE.

TO THE CHAIRMAN:

Q. You are a member of the firm of Clarkson, Gordon and Dilworth? A. I am.

Q. Auditors of the accounts of the Hydro Electric Power Commission? A. Yes.

Q. Will you tell us how much money has been advanced to the Commission by the Province of Ontario up to 31st March, 1923? A. The cash advanced by the Province of Ontario to the Hydro Electric Power Commission for the purposes of the Niagara and the other power systems to the 31st of March, 1923, amounts to \$107,282,799.90. That amount includes advances in respect of the Chippawa Power Development \$62,025,023.42 and in respect of the Essex System, which is a small transmission and distribution system in Essex County, the sum of \$22,000 and the balance, \$45,235,776.48, represents advances for the purpose of Niagara and other power systems, which I might name as the Eugenia System, the Severn System, the Wasdells System, the St. Lawrence System, the Muskoka System, the Rideau System, the Thunder Bay System, commonly known as the Nipigon System, and the Ottawa System; I think that is the lot.

Q. That represents the cash advances? A. Yes, Sir.

Q. What has been done by the Province in the way of guaranteeing and what is the form of the guarantee which the Province has given? A. The form of the guarantee, without going into each individual guarantee, might be generally described as a guarantee of the performance of the covenants of the Commission by the Commission, guaranteeing that the covenants of the Commission would be performed,

that applies in a general way in every case.

Q. Would the bonds then issued by the Commission be endorsed by the Government as guarantors? A. The bonds issued by the Commission with two exceptions that I call to mind, where underlying bonds of the Ontario Power Company were assumed by the Commission, the Government was a party to that purchase contract and in that way guaranteed the covenant of the Commission to be performed, but these were underlying bonds and not issued by the Commission.

Q. In the case of the specific issues by the Commission they are guaranteed and endorsed by the Government. Perhaps you can tell us the amount of the issues guaranteed by the Province? A. In respect of the Ontario Power Company, guarantees were given to the amount of \$23,091,000. That amount included borrowings from the Bank of Montreal in connection with the construction of the third pipe line \$1,200,000; that borrowing was guaranteed by the Government by Order-in-Council, guaranteeing to the Bank of Montreal, repayment of that amount.

Q. What would the total guarantees be in respect of the Ontario Power Company? A. \$23,091,000; in addition the 40-year, 4% debentures of the Commission given in purchase of the capital stock of the Ontario Power Company, \$8,000,000, these would be bonds issued by the Commission and endorsed and guaranteed by the Province. Twenty-year, 6% debentures issued by the Commission to retire some debentures of the Ontario Power Company that matured in 1921, \$3,200,000.

Q. That would be guaranteed and endorsed by the Province? A. Then under the purchase agreement the payment of the

underlying bonds of the Ontario Power Company was assumed by the Commission and the covenant guaranteed by the Province in respect of the first mortgage bonds of the Ontario Power Company \$9,092,000 and first mortgage 5% bonds of the Ontario Transmission Company which is a subsidiary of the Ontario Power Company \$1,599,000. These figures aggregate \$23,091,000 that I spoke of a moment ago. This would be more than half of the total bonds guaranteed, the total is \$43,000,000 and this would be \$23,000,000 out of the total of \$43,000,000.

Q. Are there some other guarantees which would make up a substantial portion of the balance? A. If we follow through this to the power undertaking I think we can get to that. In respect to the Exmex System the bonds issued in purchase of that small system were \$226,000 and were guaranteed by the Province of Ontario by endorsement issued by the Commission and guaranteed by the Province. In purchase of the Thorold System, which is a small distribution system and not within the limits of Thorold, but in the vicinity of Thorold, \$100,000 bonds issued by the Commission in purchase of that system and endorsed and guaranteed by the Province. Then in respect to the Toronto Power Company -

Q. Is that the company that operates at Niagara? A. The Toronto Power Company is the controlling company of the companies taken over by the Commission in the last purchase.

Q. In the clean-up deal? A. In the clean-up deal. The Toronto Power Company is the controlling company, the controlling company owns the capital stock of the Electric Development Company at Niagara Falls. The Electric Development Company in turn, controls, by ownership of the capital stock, the Toronto and Niagara Power Company, which

company owns the transmission lines from Niagara Falls to Toronto. In that way the Power Company controls the generation and transmission and it is referred to as the Toronto Power Company and it in turn controls these two subsidiaries.

Q. What was the extent of the guarantee in that case?

A. In respect of the power undertaking mentioned in that clean-up deal I will have to explain that, there was outstanding, prior to the purchase by the Commission, 4½% debenture stock of the Toronto Power Company. For reasons of adjustment and to make it possible for the deal to go through, it was found necessary that that 4½% guaranteed debenture stock of the Toronto Power Company be discharged and substituted therefor a new issue of 4½% guaranteed debenture stock issued by the Toronto Power Company, guaranteed by the Hydro Electric Power and the covenant of the Commission guaranteed by the Province of Ontario. The amount of that issue was \$12,383,831.95. That is the issue that took the place of the underlying debenture stock. There were other bonds of the power company and the Development Company outstanding which are not guaranteed by the Province of Ontario but which are assumed by the Power Company but after that assumption of this debenture stock and these bonds, there remained to be paid of the purchase price, \$619,000 and that \$619,000 was paid in 20 year, 6% bonds of the Commission, guaranteed by the Province of Ontario. Making in respect of all the power undertakings of the clean up deal, \$13,002,831.95

Q. Were there any other bonds guaranteed in respect of any other power undertaking? A. That is all in respect

of the power undertakings. In respect of the radial railways, bonds issued by the Commission in regard to the Sandwich, Windsor and Amherstburg Railway amount to \$3,000,000. Of that, \$2,100,000 were bonds issued at the time of the purchase and \$900,000 since the date of the purchase for the purpose of rehabilitation. Then, again, referring to the clean-up deal, there were bonds issued for the purchase of the capital stock of the Toronto and York Radial Railway and Schomberg Railway, \$2,375,000.00. These are bonds issued by the Commission and guaranteed by the Province.. In respect of the projected Port Credit,-St.Catharines Railway, borrowings were made from the Bank of Montreal by the Commission to the amount of \$500,000. As security for these borrowings the Commission pledged \$1,200,000 of 50-year, 5% bonds which had already been issued by the Commission and guaranteed by the Province. Of that same issue there were other bonds to the amount of \$10,160,363 which were signed by the Chairman of the Commission and guaranteed by the Province but the execution is unfinished to the extent that they remain unsigned by the Secretary of the Commission and unsold by the possession Commission. These bonds are in the of the Hydro Power Commission.

- Q.. Those that you have mentioned now make up \$42,994,000?
- A. I have mentioned all that goes to make up \$42,994,000.
- Q. What about the Central Ontario System, how does that stand? A. In respect to the Central Ontario System, which is owned by the Province and managed by the Commission, debentures were issued by the Province to the amount of \$8,350,000 to cover the original price of

the system. Then in respect of the pulp wood limits the Province issued 10-year, 5% debentures to the amount of \$225,000. The Province advanced in cash to that system, or on account of the Commission for that system, \$3,542,708.78, a total in respect of the Central Ontario System of \$12,117,708.78.

Q. That makes up a total of how much? A. It makes up a total, including cash advanced and guarantees in respect of other than Central Ontario, of \$150,277,631.85, and in respect of Central Ontario, \$12,117,708.78. That would make approximately \$162,400,000. for all purposes.

Q. What security, if any, does the Province hold for its guarantee? A. That will have to be taken part by part. In respect of the power undertaking you will have to take first the Ontario Power Company. First mortgage bonds of the Ontario Power Company, \$9,092,000 and first mortgage bonds of the Ontario Transmission Company, which is a subsidiary of the Power Company, \$1,599,000. They are the first charge on the property of these companies, secured by a trust deed and it would be presumably the first place if the bond-holders would look to ^{if} the Province were ever called upon to pay this off. It would stand as being the first claim on the property to the extent of the amount paid. The first claim on the property in respect of the Toronto Power Company guaranteed debenture stock is secured by a trust deed. I cannot quote you the exact terms of that trust deed. There is a trust deed for that stock and off hand I would say the property has to stand as a pledge against that, I have not got a copy of it here.

Q. The Government would have practically a first mortgage on the property for the amount of its guarantee in that case, would that be the first claim? A. Let me answer you in this way: There is an issue of a million and a half against the properties, against the Toronto-Niagara Power, that issue is not in the hands of the public but it is pledged under an issue of \$10,000,000 bonds of the Electric Development Company, of which, between four and five million are in the hands of the public and others remain unissued in the hands of the Commission. So that the first charge on the property there would be roughly \$5,000,000 under the Electric Development mortgage. The Toronto Power Company, whose stock is first of all debenture stock, does not own any physical property; without looking at the trust deed, I presume it would be more or less of a blanket covering. The Toronto Power Company does not own any physical property, so that it would not be a mortgage security against the property.

Q. I think we do not need to go into details; how much is guaranteed and how much do they hold security for and how much do they not hold security for? A. Well, to the extent I have qualified it, they would hold security on that \$12,000,000 of the debenture stock of the Toronto Power Company.

Q. Then, so far as the cash advances go, is there any direct security held for them or not? A. There is no direct security, not in the way of bonds pledged or other mortgages upon which a charge could be directly made.

Q. In any case, did the municipalities, at whose request any of these advances were made, deposit with the Government

their bonds to equal the amount issued by the Government?

A. Not in respect of the power undertaking.

Q. So that of that \$107,000,000 there would be no direct guarantee in respect to that \$107,000,000 cash?

A. No direct security.

Q. You might tell us just what security they hold. Is this the fact: that the Hydro Commission entered into an agreement with the municipalities to take the power developed at these undertakings at cost and the municipalities agreed to pay that and to include in the cost, sinking fund and renewal fund and all other expenses, and in that way the Government is secured for these advances? A. The municipalities undertook to take power from the Commission and to pay cost including sinking fund and renewals and these charges that you mention.

Q. In the event of default at any time being made in any bonds would the Government have any direct right of action against the municipalities or would it have to go through the Commission itself; is there any contract with the Government?

A. None between the Government and the municipalities, the contracts are between the Commission and the municipalities.

Q. Supposing the municipalities fail to take power as agreed, and the Government had to pay the interest, what remedy would the Government have? A. Under their contract the municipalities are compelled to take 75% of the power supplied and held in reserve, which commits them to annual payments whether they take power or not.

Q. That would be the maximum charge they would have to pay? A. Yes, to the extent of the cost, the delivered cost

of 75% of that power that was held in reserve for them.

Q. If they should fail to take that amount, what course would be taken to compel payment by them or what course could be taken to compel payment? A. I presume the usual course under a contract between any two parties.

Q. The Commission could take action against them to compel them to live up to their agreement? A. Yes, under a contract of which this is a rough copy.

Q. That would be the method by which in the event of default, collection could be made? A. I presume so.

Q. Have there been any instances in which default has been made in the payment of interest? A. There is only one instance of default in the payment of interest to the Province and that is in respect to the Nipigon system.

Q. What is the extent of the default there? A. I have not those figures at hand.

Q. Can you say approximately? A. I would refer you to the minutes of the previous meeting here. My recollection is it was about between \$330,000 and \$340,000.

MR. LUCAS: It is in the Nipigon report.

MR. GUILFOYLE: It is something in that neighborhood.

Q. In that case would the Commission have right of action against the municipalities that agreed to take power and could they compel them to put up that amount? A. The City of Port Arthur is committed for the time being and Fort William after 1926, to take power from that system at cost. The interest would undoubtedly be regarded as part of the cost, regardless of what amount of power they have taken, so I would take from that that the City of Port Arthur is obliged, under its contract, to pay that/the Commission and

the Government desire to enforce it.

Q. In the meantime it is being paid by the Government?

A. In the meantime the payment of the full amount of interest due by the Commission to the Government in respect of Nipigon has not been paid.

Q. That remains an outstanding liability? A. That remains an outstanding liability.

Q. Has the Government had to pay interest on these bonds itself? A. There are no specific bonds of the Province in respect of Nipigon but the bonds out of which these moneys came were advanced to the Commission and no doubt the interest has been paid by the Government.

Q. You told us about the advances made by the Government; has the Government paid over any moneys to the Commission except these for which it holds bonds? A. Have you reference to expenditures?

Q. Engineering? A. I presume you refer to the expenses by the Commission on account of the Province out of appropriations made by the Province for expenditures not refundable by, or payable by, the Commission?

Q. Yes, have you got a statement of the amount?

A. There is one of them.

Q. Can you tell us what the Province has paid to the Commission, if any, and for which it holds no obligation to return? A. I would like to preface that by saying that appropriations were made by the Legislature yearly for expenditures on account of preliminary engineering services and the like. Appropriations were made for these expenses by the Province to be made through the medium of the Commission for projected Hydro undertakings. The money

under these appropriations was paid over by the Province to the Commission and expended by the Commission. To the end of 1921, I have verified the figures and they amount to \$2,353,893.39. And in the year ending 31st of October, 1922, according to the statement furnished us by the Accountant of the Commission and I take it to be accurate, \$151,197.18. The total to the end of October, 1922, \$2,505,090.57.

Q. For what purposes was that money used? A. I quote that here as analysed by Mr. Brown of Brice, Waterhouse and Company: "Engineering assistance and estimates to municipalities not under contract, \$409,713.97.

Surveys, investigations and reports on power sites and stream flow, \$650,956.93.

Electrical inspection (expenditures in excess of revenue) \$258,912.90.

Estimates, surveys and demonstrations as to the use of electrical energy in rural districts, \$119,774.31

Share of Executive, Administrative and general expenses of the Commission applicable to Provincial expenditures, \$177,381.35.

Portion of salary of Chairman of Commission payable out of the Consolidated Revenue Fund of the Province of Ontario, \$66,000.00.

Expenditures covering investigations and surveys; submission of by-laws and issue of reports on proposed Radial Railways \$389,409.58.

Expenditure of Commission in connection with furnishing information to the Royal Hydro-Radial Commission, \$335,123.93.

Sundry other expenditures, \$166,944.74." Making a total of \$2,574,217.71, from which there is to be deducted an item taken out of the Provincial account and capitalized where the work was gone on with, \$69,000.00; a net of \$2,505,090.57 up to October, 1922.

Q. Adding that to the cash advanced and the guarantees and the Central Ontario, it makes a total of what?

A. I think they should be grouped something like this: In respect of Hydro power and Hydro radial undertakings, \$152,782,722.42; in respect of Central Ontario System, \$12,117,708.78; the total of these figures being \$164,900,431.20.

Q. I think you have covered the ground, is there anything else you wish to add to that? A. No, I think not.

Q. How much of that has been paid back by the Hydro Commission or by any other body to the Government? A. Under the Power Commission Act, as you have mentioned already, the municipalities are required to pay sinking fund for the purpose of the eventual repayment of the advances by the Province to the Commission. These amounts were hardly regarded as being in the sense of reduction of the liability, but rather a sinking fund, placed or to be placed on deposit with the Provincial Treasurer to be accumulative against the expiry of the bond issue of the Province. Up to the end of March, which is the date to which we were working on the other statements, there had been deposited with the Provincial Treasurer in securities \$1,293,824.70. There had been deposited cash with accrued interest to that date, to October last, \$638,699.16 and the Treasurer of the Commission informs me that he holds Provincial securities purchased for the purpose of sinking fund and yet to be

handed over to the Provincial Treasurer, \$576,395.35, making a total of \$2,508,919.21. These figures I might mention are the purchase price of these securities which is not far from the par value. In respect of the Central Ontario System there has been purchased \$27,000 par value, cost \$28,663.60.

Q. What was the total amount? A. \$2,537,582.81.

Q. Deduct it from the liability and what is the balance?

A. Well, of course, the sinking fund has nothing to do with this.

Q. That would have only to do with the cash advance?

A. Only ~~to~~ ^{cash} do with the cash advance. The advances and the guarantees given in respect of the Niagara and other power systems was \$150,277,631.85. From that we would deduct the sinking fund in respect of this same undertaking of \$2,508,919.21, leaving \$147,768,712.64. Then on Central Ontario the investment is \$12,117,878, from which there is to be deducted sinking fund \$28,663.60, leaving \$12,089,045.18.

Q. Adding that to the above amount it makes how much?

A. \$159,857,757.82.

Q. Would it be correct to describe that as the net outstanding liability? A. Including Central Ontario, yes.

TO MR. LUCAS:

Q. The total net liability of the Province is how much?

A. \$159,857,757.82.

Q. That is exclusive of the Provincial expenditure?

A. Yes.

Q. And the expenditure made by the Commission on behalf of the Province amounted to how much? A. \$2,505,090.

Q. In addition to the \$159,857,757.82 being the total net liability there was paid to the Commission \$2,505,090? A. Yes.

Q. Which was Provincial expenditure? A. Yes.

Q. And not a liability? A. No.

Q. And it has not to be repaid? A. No.

Q. Some of the items are not actually paid yet? A. The item of \$335,123.93, together with some small balances on some of the other items to the end of October, 1921, remains unpaid.

Q. How much does it amount to? A. Roughly \$360,000.

Q. In the meantime how is that being taken care of?

A. Out of power funds.

Q. That is out of power funds in the hands of the Commission?

A. Yes.

Q. To be repaid by the Government? A. It so stands on the accounts.

Q. As of what date? A. As of the 31st of October, 1921.

Q. That amount should be deducted from that \$2,505,090, as to the amount advanced? A. As the amount advanced it should be deducted.

TO MR. STEWART LYON:

Q. The various systems that are mentioned in these advances have been operating for a considerable time, you have not collected any sinking fund in connection with the Chippawa Development yet? A. No, Chippawa just began operating last year.

Q. In the case of the Ontario Power Company until the Province paid these securities there was no large provision for a sinking fund? A. Do you mean the Provincial purchase?

Q. When you purchased these securities the amount of sinking fund that had accumulated against these bonds was

written off and did not appear as having been in re-payment?

A. Up to the time of purchase, no.

Q. So that if we sent abroad the statement that out of the advance of \$160,000,000 only two and a half million have been repaid, that would not show the amount that had been repaid on the capital invested in this industry since the beginning? A. May I ask if I follow you right? Is it a question of security you are getting at?

Q. It might be in the mind of the public that after a certain number of years, ten or twelve years, only two and a half million dollars had been repaid out of an advance of \$106,000,000 and it would be a long while before that money would be paid back to the Province and therefore the security of the Province is not very good. Is it not a fact that from this time forward in the case of Chippawa and in the case of the Ontario Power Company and in the case of the Hydro Electric, that sinking fund securities will be advanced at the rate of five or six million dollars a year?

A. I will answer you in this way: as regards the sinking fund paid on underlying bonds it would not have anything to do with the Provincial account, except if you reduce the mortgage indebtedness you improve the security on the ~~amount~~ outstanding, that is the only extent. As regards sinking fund paid to date in respect of Hydro undertakings it is true it began a few years ago with a small beginning, it is steadily increasing and it will increase still more for the future.

Q. Can you give us an idea, say in three years from now, how much the sinking fund annual payments will be?

1875.

On Saturday, Oct. 10, I went to the Woods, about 10 A.M.,

and found the ground covered with fallen leaves,

so I took my gun and went up the hill, and shot a few birds,

then I went down the hill, and shot a few more birds,

then I went up the hill again, and shot a few more birds,

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THE CHAIRMAN. I suppose that would depend upon the date fixed by the Commission to begin because there is a great deal of latitude.

Q. Is there any time within which the sinking fund must begin? A. No, I think not.

TO MR. LYON:

Q. Eliminating Chippawa and how much is there?

A. For 1922 about \$430,000.

Q. On all the systems? A. Yes, on all the systems.

Q. That is the total payment by the Commission? A. I think maybe I can explain the point that you may have in mind. All the municipalities are allowed to defer their sinking fund payment for five years from the commencement of their operation. Some of them have not yet been operating five years, others have been operating six, seven, eight and ten years. So that as they come out of the five year deferred period they commence to pay sinking fund and with an increase of capital they commence to pay more.

The \$430,000 will undoubtedly be increased and will never be decreased.

Q. Would it be possible to show, apart from Chippawa, the other systems, which represent about \$100,000,000, how much sinking fund they will pay in five years?

A. The \$100,000,000 includes Chippawa.

Q. You have \$160,000,000 altogether, of which, Chippawa represents \$65,000,000? A. No, I could not tell you that. It would mean a calculation for some periods ahead as to the amounts of sinking fund and how many of these municipalities fall in. They must very shortly all fall in and be paying, they are not all paying at present.

TO THE CHAIRMAN:

Q. I suppose every year new municipalities are falling in?

A. Yes, quite so. The early ones of the Niagara System and most of the small systems are all in, the later ones are still in the deferred plan.

TO MR. STEWART LYON:

Q. So that it would not be a reasonable thing to let this statement go to the Province without some modification, that in all the years since the Hydro Electric System was in operation \$160,000,000 were advanced and only \$2,500,000 have been paid? A. It is fair to state they will steadily increase in the future.

TO MR. McIRVINE, . . . GALT:

Q. I was going to ask what proportion of the municipalities owe to the Hydro Electric money that has not been paid and that is not guaranteed by the Provincial Government; how much money have the municipalities that has not been guaranteed? A. Generally speaking, on the Niagara and other power systems investments in capital account is represented by borrowings from the Province. So that if we leave aside the question of reserve, which belong to municipalities and which is taken up in working capital, then we go from that to the capital stock of the companies which was purchased by the Commission. In respect of the Ontario Power Company there are none. They are all guaranteed by the Province. In the clean-up deal there is roughly \$5,000,000, where the security is entirely on the properties of the companies and the companies were purchased on behalf of the Niagara System and that \$5,000,000 is not guaranteed

by the Province.

Q. That would be guaranteed by the municipalities?

A. The property would be regarded as having been purchased for a supply of power for the benefit of the Niagara System and there is no guarantee beyond it, so I think it can be fairly said that that was done on behalf of the municipalities. The Commission is liable for that \$5,000,000 and the Province is not liable.

Q. And the municipalities, as being represented by the Commission, would be, to a certain degree, liable for that; that is in connection with the recent clean-up? A. Yes.

Q. Is there anything besides that? A. That is the only item of any account.

MR. POCOCK: Is not it a fact that the assets of the Niagara System is \$133,000,000 and the guarantee of the Province about \$96,000,000, showing a surplus of about \$37,000,000 in the Niagara System, which is entirely separate from any guarantee of the Province of Ontario?

THE CHAIRMAN: Would this be something owned by the municipalities themselves?

MR. POCOCK: No, the municipalities have about \$36,000,000 apart from that. I say the physical assets of the Niagara System are \$133,000,000 and the guarantee of the Province is \$96,000,000, showing a surplus of about \$37,000,000 that the Province has not guaranteed.

THE CHAIRMAN: You heard what Mr. Pocock has said about there being \$37,000,000 put into the Niagara System which is not guaranteed by the Province, but which has been provided by the municipalities; do you know of any such amount? A. There certainly would be some amount.

I can get these figures, I could not answer that off hand. As to the plant investment for the benefit of the municipalities beyond the liability of the Province, it would need some working up and I could not answer that off hand.

TO MR. DUGGAN:

Q. Would the auditor know the amount held by the municipalities towards this sinking fund?

MR. GUILFOYLE: First of all, regarding your investment in your local systems, they are bonds issued by the municipalities and the local systems are the property of the municipalities and not the property of the Power Commission.. The Power Commission, as far as these figures are concerned, have nothing to do with that.

MR. DUGGAN: What has the Government to do with that?

MR. GUILFOYLE: Absolutely nothing.

TO MR. LUCAS:

Q. Are you familiar with the standing of the different municipalities as to the local systems? A. You mean of their local systems, no, that is shown in your own Power Commission report.

Q. You are fairly familiar with what that report shows?

A. Not any more than ^a casual interested reader.

Q. You know the number of municipalities that are paying their sinking fund? A. I would not know that.

Q. Don't you know that as a casual reader of the Globe?

A. I read both the Globe and the report.

Q. I mean the report? A. I do not know.

THE CHAIRMAN: I think it must be made clear that your figures refer altogether to the property vested

in the Ontario Commission and have nothing to do with the property vested in the local Hydro Commission throughout Ontario.

MR. GUILFOYLE: The local Commissions look after the management of the local distribution systems which are owned by the municipalities, with that investment the Province has nothing to do and we do not audit those accounts.

MR. LUCAS: You are not sufficiently familiar with the standing of the various local municipalities to know that a group of them in the eight or ten years they have been operating have paid off their total debt?

MR. GUILFOYLE: No, I am not familiar with that.

Q. As to the Niagara System itself the cost of power provides for a sinking fund and what else? A. The cost of transmission including interest and operation and the proper share of administration expenses and provision for renewal of the plant and equipment and provide for contingencies that may be met with and that are from time to time met with and provide for sinking fund after five years.

Q. What about depreciation and renewals? A. That is the same thing as renewals.

Q. Then it is a thirty year sinking fund? A. Five years deferred and thirty years from the commencement.

Q. In thirty years if they comply with the law and pay their sinking fund, there will be a fund there to meet the outstanding debt? A. The outstanding debt up to the beginning of that thirty years.

Q. If there is further capital investment it would be thirty years from that? A. Quite so.

Q. We are now speaking of the Niagara System transmission lines and the capital expenditure at the end of thirty-five years will be completely provided for by the sinking fund?

A. The expenditure of that debt will have been covered.

Q. By cash payments made by the municipalities? A. Yes.

Q. The Niagara System, apart from Chippawa? A. Yes, the original Niagara System.

Q. And in addition to that there will either be funds on hand in cash or as good as cash? A. The renewal provision when set up in replacement expenses are charged up.

Q. Theoretically we will either have the money or a line as good as new? A. Assuming that the renewal rate provided is adequate you will have a line there either as good as new or a reserve sufficient to replace it.

Q. Then we will have our debt paid off and we will have a line as good as new or cash on hand to build a new line? That is if these rates are adequate? A. No, not exactly, you would not have cash on hand to build a new line but you would have cash on hand with which to make new the old parts on the existing line.

Q. To bring it to the standing of a new line? A. Yes.

Q. You will have, theoretically, a new line? A. Yes.

Q. You will have your old debt paid off? A. Yes.

Q. So that is pretty sound financing? A. It is sound financing, there is no doubt the sinking fund charges in the cost of power is making a provision for the repayment of the capital investment.

Q. Do you know of any private corporation that finances and provides a full sinking fund and at the same time provides full depreciation? A. Many power companies and

power undertakings have to furnish a certain amount in relation to the capital, they have to pay a certain amount under the provisions of the trust deed or mortgage but it is not necessarily confined to thirty-years or any much period.

Q. They may reinvest? A. They may reinvest.

Q. I am asking you a very simple, ordinary, practical question, do you know of any public utility that continues to finance and pay off their indebtedness and wipe it off the map by making provision for wiping it off and at the same time keeping up the standard of their equipment?

A. The great bulk of the power companies have to do it under their trust deed; apart from that your question is yes.

Q. In thirty years the ordinary utility company would be still either with its original debt or refinancing?

A. Unless they make special arrangements.

Q. I am speaking to you now as an auditor with some knowledge of private concerns? A. Yes.

Q. It is so simple to you, Mr. Guilfoyle, that it is more or less a waste of time asking you these questions. I want to get a practical illustration that everybody can understand as to the financing of Hydro. At the end of thirty years we will have a free plant? A. Let me answer you in this way: it is very unusual for any undertaking to have to charge in its operating cost and against its revenue, sinking fund for replacement of the equipment.

Q. That is a very unusual thing and if we did not do that would the books show a deficit? A. The Hydro books?

Q. The Hydro books would show a deficit unless we do this very unusual thing? A. I would not say a deficit,

they would show a balance owing to the municipalities to cover fully the cost, including sinking fund.

Q. We would be on a reasonable sound financial basis and doing the usual thing if we did not raise any sinking fund at all out of operating expenses? A. Out of operating expenses.

Q. Hydro could operate ^{out} with/having any sinking fund at all and it would be doing the usual thing? A. If you were not required to do it under the Power Commission Act and if you did not set it up, I do not think you could be criticized.

Q. We could not be criticized if we did not do it, as a sound financial operating concern? A. No.

Q. Under the Power Commission Act we make the financial situation doubly sure by making the sinking fund compulsory and the depreciation fund as well? A. You are providing for depreciation which is a proper operating charge and in the way of sinking fund you are providing for repayment of your indebtedness.

Q. That is an unusual feature? A. That is an additional feature.

Q. If we did not provide a sinking fund at all we could not be criticized except by reason of the Power Commission Act? A. Not as an operating concern.

Q. There would be no criticism if there was no sinking fund at all. Now, at the end of thirty-five years if we go on, we will have all this great enterprise paid for and no debt charge, nothing but operating expenses; that is correct? A. Well, hardly, if you confine it to the transmission System you will have funds with which to pay

your indebtedness.

Q. The transmission lines will be there in first class order and there will not be anything to do but operate them and give the public cheap power? A. Give the people power cheaper.

MR. POCOCK: Here is a statement that the Hydro Commission of the City of London received from the Hydro Commission, our total investment in the Niagara System is \$20,500,000.

THE CHAIRMAN: What would that be in?

MR. POCOCK: This is in the Niagara System, the first transmission lines and so forth. The Ontario Power Company is \$29,000,000; the Toronto Power Company and generating plant \$19,398,000, that is not Chippawa; the Queenston-Chippawa Development I have got at \$65,000,000, I think you place it at \$62,000,000. That makes a gross investment of \$130,898,000 and all the Province has guaranteed is: first, the Niagara System, \$20,500,000, the Ontario Power Company \$8,000,000.

THE CHAIRMAN: Their guarantee in the Ontario Power Company is more than that.

MR. POCOCK: No, it is only \$8,000,000.

MR. GUILFOYLE: You have guaranteed the underlying bonds.

MR. POCOCK: I have it \$8,000,000. The expension of the third pipe line \$2,100,000.

THE CHAIRMAN: No, that is \$3,500,000.

MR. POCOCK: Our proportion of the clean-up deal, in the Toronto Power Company is \$619,000 and the Chippawa Development is \$65,000,000. Making a total that

the Ontario Government has guaranteed of \$96,219,000, which leaves us a surplus of over \$37,000,000 in the plant, apart from the guarantee of the Ontario Government.

THE CHAIRMAN: What do you say about that?

MR. GUILFOYLE: I have not seen a statement of facts, but I can verify these figures.

THE CHAIRMAN: They do not quite agree with the figures you gave us.

MR. GUILFOYLE: There are certain things in there that cannot be made to exactly compare, for instance there is no doubt \$65,000,000 invested in Chippawa. There was advanced by the Province, specifically, \$62,000,000 and the other \$3,000,000 came out of appropriations for Niagara and other systems.

TO MR. POCOCK:

Q. As regards the bonds being deposited, I understand you to say there were no bonds deposited with the Provincial Treasurer? A. No, I did not say that at all.

Q. I mean from the municipalities? A. As individual municipalities you have not any bonds.

MR. POCOCK: Yes, that is the point I am coming at, the City of London voted on \$571,000 of bonds in 1908 and these bonds were supposed to be deposited with the Provincial Treasurer. The Province in turn issued their own bonds these were sold. I could give you the figures for Toronto and the other fourteen municipalities that came in at that time.

MR. GUILFOYLE: You surely mean in respect of your local distribution system?

MR. POCOCK: No, it has absolutely nothing to do with the local Commission. It was only \$275,000 to start with and we have \$571,000, some odd dollars that have been voted on by the people and put up and then bonds were issued and we^{re} supposed to be deposited with the Provincial Treasurer.

MR. GUILFOYLE: I do not know of any such bonds.

THE CHAIRMAN: You have heard what Mr. Pocock says, you might look into that and let us know later on.

MR. GUILFOYLE: I will.

TO COMMISSIONER R.A. ROSS:

Q. Don't you have to check over these bonds in the course of your audit? A. I never saw the bonds Mr. Pocock refers to.

Q. Would not you have to check them over? A. They are not on record in any way in the accounts of the Power Commission, as a Power Commission.

MR. POCOCK: I don't know whether these bonds were deposited, they were certainly voted upon.

THE CHAIRMAN: Mr. Guilfoyle says if they have been deposited he would know about it.

MR. POCOCK: The Provincial Treasurer might be remiss as to that.

THE CHAIRMAN: Can you throw any light on this matter, Mr. Pierdon?

MR. PIERDON: I do not know what Mr. Pocock has reference to. I do not know of any such bonds.

ALFRED J. MAGUIRE.

Mayor of the City of Toronto.

TO THE CHAIRMAN:

Q. You heard the resolution read just now that was passed by the Hydro Association. We would like to hear from you as to the reasons for making the change referred to in that resolution? A. The municipalities have realised the success that they have made of this undertaking financially, and that has been confirmed by Mr. Guilfoyle this morning, and I was delighted to be here and hear that. We have been alarmed, and I think we have just cause to be alarmed, at the attitude of the Government who have no sympathy with this cause whatever. I am sorry to say this Commission has aroused the anxiety of the municipalities by their apparent determination to get evidence that would, in a sense, hurt the credit of the municipalities, if the municipalities did not defend their position. Toronto, which I represent, has an indirect liability of about \$83,000,000 in all the schemes. I have had the pleasure of being one of its local Commissioners, and we have saved to the people of this City, \$28,000,000 in cash over and above the rates charged by the private concerns. We have never asked the tax-payers of the Province to pay one five cent piece towards this investment, and it is the same with other municipalities. Other municipalities throughout the Province have, in some cases, paid off the entire indebtedness of the local systems. After reviewing the success of the different municipalities, we came to the conclusion that this matter is being made a political football, and as trustees for the people, we felt

that the time had arrived when we should divorce it from the Provincial Government because the municipalities have carried the burden, the Government guaranteeing. I think, Mr. Chairman, myself, that you must first exhaust the financial resources of the municipalities before ever calling upon the Provincial Government, so you will see the absolute absurdity of the statement that the Government have carried the financial responsibility. In every way the municipalities have carried it. These are contracts made with the other thirteen municipalities. Fourteen municipalities in all undertook to assume the liability of the transmission line. Toronto agreed to pay its proportion and the other municipalities agreed to pay their proportion. There are now three hundred and twenty-eight (328) municipalities in the Province of Ontario served by Hydro, and practically one-half the population of this Province are being served by this great public utility since 1908 or 1909. The financial success of the system, which has been outlined by Mr. Guilfoyle, is apparent, and I am glad that the time has arrived when the public are going to be given some facts and the truth in connection with Hydro. The municipalities have been alarmed, and we assembled at Hamilton, and we decided to ask the Government, when we have an opportunity of meeting again in Toronto when the Session of the House is over, and we propose calling in the very best financial experts that we can get to devise ways and means of relieving the Province of any responsibility whatever. I would not go so far as to say the Province should not be represented on that Commission.

Q. How would you have the Commission made up? A. The

municipalities, who are responsible, to elect the majority of the Commission, and the Government should have the right to appoint one Commissioner.

Q. How many votes would the different municipalities have?

A. That would have to be worked out.

Q. Would it be in proportion to their contribution?

A. The municipalities would have to decide that and that would have to be left to them.

Q. How many members would you elect on the Commission?

A. That has never been decided. That will have to be decided, after the Session of the Legislature. It has been left to the Executive to call a meeting to go into the matter thoroughly, with the object of taking action. You can quite appreciate how serious it is to have this investigation going on. It is a very serious thing for the municipalities, who are not even given the right to appoint a member on the Commission. We had no say in the matter, yet we finance it all. There is no private concern in the world that could show the same results as the people have shown in this great undertaking.

Q. How would you guard against the large municipalities having the choice of the Commissioners and the control in their own hands? A. Because Toronto is the largest user, personally I would not be in favour of allowing Toronto to have any greater say than any other small municipality. That has been the experience of Toronto in the Association. We do not want to have a large representation.

Q. In the appointing of members to the Commission, would you not give Toronto a greater voice than Hamilton or Brantford? A. That whole matter will have to be left with the Association.

Q. You have not worked that out? A. No, we have not

worked it out yet.

Q. Have you thought how long they should hold office?

A. If we could get men like Sir Adam Beck we would appoint them for life.

Q. Would you appoint them all for life? A. If we could get men like Sir Adam Beck. He has been the outstanding figure in public service in this country.

Q. You would not have them for a fixed term? A. We would have to leave that to the Association to decide.

Q. Would there be any power on the part of the Government to remove any members of the Commission? A. I would not give power to the Government to move any Commissioner, after the experience we have had.

Q. Would you give them power to appoint any members of the Commission? A. Yes, I would give the Government the right to appoint one member to the Commission, so that they would have no financial responsibility, but just keep in touch with a great public enterprise in the Province.

Q. Do you think it would be desirable that the member appointed by the Government should be a member of the Government? A. We have not discussed that, that will have to be left entirely with the Association to decide.

Q. You have heard of the extent of the Provincial guarantees. How would you propose to rid the Province of these liabilities and transfer them to the municipalities?

A. By getting the very best financial advice we can get to advise us on that matter; that is what we propose to do.

Q. You would not be likely to find that the holders of the bonds would be willing to release the Province from its guarantee? A. That has been our experience in the City of

Toronto. We think our credit is better than the Province during the last few years.

Q. You think it is quite possible to make an arrangement by which the bonds would be released and the Province not liable? A. I think it is possible; if it is not, then we will have made an honest endeavour to remove this from politics. This is a very, very important undertaking for this Province. If it had not been for Hydro, this Province would be in a very serious condition today.

Q. Have you thought how the borrowings powers of the municipalities might be affected by assuming this obligation?

A. That, of course, will have to be considered. Some legislation will have to be given so that the matter can be arranged. It would be excluded from impairing our borrowing power to any extent. There would be no difficulty, I imagine, in doing that.

Q. What I understand you to propose is that the obligation now on the Province should be transferred to the municipalities?

A. The very best method will have to be adopted, after getting the very best expert advice we can get, so as to relieve the Province of any liability. Why, Mr. Chairman, I ~~had~~ in the House a Member of Parliament make a statement, and this Member had represented a constituency for twenty years, and I am giving you this illustration to show the absurd request made by this Member of Parliament, who said he was sorry for the farmers, as they had to assume the financial burden of Hydro and the farmer was not being served by Hydro. Now, the farmer is not assuming any financial burden and yet this man had been sitting in the House for twenty years, and he did not know it.

Do you think it is safe to leave Hydro in the hands of such men as that? We don't.

Q. On what basis would you apportion the indebtedness among the different municipalities? A. That will have to be gone into carefully. It would be the same, I suppose, as the indebtedness of the different municipalities today. We have today an investment in Chippawa, or in the Niagara System, of \$20,000,000; our liabilities are \$14,000,000 and our surplus account over \$4,000,000.

Q. Is that local Hydro? A. No, that is our own city.

Q. What you have contracted? A. What we are liable for with the rest of the municipalities; we have never paid any money towards it.

Q. I thought that was all based on the amount of power that you take? A. Yes.

Q. That might vary from time to time. You have to issue your bonds for a certain amount, but the ratio may vary very greatly after that? A. We, we had \$14 power for many years, and then it was advanced, but we think it will be deceased again.

Q. Have you gone so far in your discussion as to come to the conclusion as to whether liability should be a joint liability, in which all the municipalities would become liable for the bonds? A. No.

Q. Or whether it should be distributed among the different municipalities? A. No, we have not, but I suppose we will come to a conclusion after getting the very best financial advice we can get.

Q. Have you considered as to whether, where a number of municipalities are concerned, it might be difficult to get

them all to get together, and that there would be difficulties in the way of managing the system, and that it would be better to have it all under one management?

A. I think it would be if we had a sympathetic Government.

Q. Are you familiar with the original Hydro Act?

A. To some extent.

Q. That was passed by what was called the Ross Government, by which the municipalities took direct management themselves and issued the bonds, the province issued no bonds whatever.

A. We were refused under that Act. Toronto applied for that right originally, and we were refused by the Ross Government.

Q. The Legislature passed the Act in 1903?

A. I think it was prior to that that Toronto applied for the right to generate power. It was rightly refused. I think no municipality should have the sole right to develop that power.

Q. The Act of 1903 provided for general action by a number of municipalities?

A. Yes.

Q. In 1906 the Act was repealed?

A. Yes.

Q. And the present Act, as it was passed, vested power in the Government, and one of the reasons given for substituting Government control for municipal control was that it was difficult to get all the municipalities to act together?

A. That was at the inception of the undertaking, but it has gone beyond the most sanguine expectations. It is beyond anything that was ever thought of, and it has attained great success.

Q. If it was difficult then to get municipalities to act together, there might possibly be similar difficulties today?

A. It is the same as putting goods on the market. Whenever

they have demonstrated their true value, you get all the people wanting them. Hydro has been such a success that it is not difficult now to get the municipalities to co-operate and work together.

Q. I have a pamphlet issued by the Hydro Electric Power Commission, giving the genesis of the power movement which says: "The Lieutenant-Governor having, in the meantime, chosen new advisers, the Hon. Adam Beck who, as a member of the first Commission, had experience and appreciated the almost insurmountable difficulties attached to the grouping together of a number of municipalities for this specific purpose, took the matter up with the Government, of which he was a member, with the result that on the fifth day of July, 1905, a permanent Hydro Electric Power Commission was incorporated by the Legislature".

A. Yes.

Q. Then, perhaps, you are aware Sir Adam Beck introduced the present Hydro Act, which wiped out municipal control, and placed it all in the hands of the Government?

A. I think it was at the request of the municipalities, as I remember now.

Q. The reason Sir Adam Beck gave for bringing about the change was the almost insurmountable difficulties in getting the municipalities to act together.

A. Yes, I think it was at the request of the municipalities. They felt at that particular time that it was difficult to get the municipalities enthused.

Q. Have you considered any other phase of it? Dealing with it as it is now, should the Government exercise a greater or less control over the financial actions of the Commission? Should it simply pay up the money required by the Commission, or should it exercise discretion as to whether they were asking money for wise development or not?

A. I would assume that before anybody would pay up any money they would look into the advisability of the expenditure. The Government or anybody else would do that; but they should also have before them the success of the applicant for that money. What had they been able to do in the past, and what success had they made in the past? I may be a little over-enthusiastic, but one cannot help but see the wonderful success that has been made of Hydro in this province, and what it means to the people of this province. We view with alarm what has been going on, and we hope it will soon stop, -- the antagonism displayed against the undertaking, trying to discredit it, trying to destroy it, and no Commissions being appointed to spread propaganda through the province showing the benefits of Hydro.

Q. You are doing that now before this Commission.

A. It is the first time we have ever had an opportunity.

Q. We have had a great many meetings. Perhaps you have not read the papers?

A. We have not had very many opportunities of appearing.

Q. We have had Sir Adam Beck, and I am sure he is an enthusiastic supporter of Hydro. In fact, most of our witnesses have been officers and members of the Commission.

A. There should be a little consideration given Sir Adam Beck instead of what he has been getting. Considering the millions of dollars he has handled when a person comes near questioning his integrity, after he has such a wonderful record as a public servant.

Q. Is there anything more that you would like to say?

A. No there is nothing else. There is a matter I would like to clear up; it is a personal matter and it is a criticism of the Commission when the Insurance question was brought up here.

THE CHAIRMAN: We cannot take that up now.

MAYOR MAGUIRE: I want to have an opportunity of speaking to that matter.

THE CHAIRMAN: No, we cannot let you take it up now.

MAYOR MAGUIRE: I would like you to call Members of Parliament who got a portion of that insurance.

THE CHAIRMAN: We will be pleased to fix another time to hear that question. This meeting is for a special purpose, and there are so many men here whom we would like to hear. We will fix a time that will suit your own convenience.

MAYOR MAGUIRE: Quite so.

THE CHAIRMAN: Would you like to be heard.

MAYOR MAGUIRE: Yes. Will you call the men I suggest?

THE CHAIRMAN: Any one who can throw any light on the matter.

MAYOR MAGUIRE: Your own Secretary has certain information and the names of certain people.

THE CHAIRMAN: We will be very glad to hear anyone who can throw any light on the subject.

MR. PHILIP POCOCK:

TO THE CHAIRMAN: Have you considered some of these matters I have mentioned to Mayor Maguire as to the number of Commissioners, the tenure of office, and how many votes each municipality should have?

A. The municipalities have agreed very well up to the present time and we have had ten years' experience, and in that Association each municipality has just one vote, and no more.

MR. T. J. HANNIGAN.

.....

The vote of the municipality varies according to the amount of power purchased by them, but there is a limit to the number of votes any municipality can have.

Q. What is the limit?

A. Twenty - Hamilton and Toronto have the same number of votes. The smallest municipality taking ten H.P. would have one vote, and Guelph, Kitchener and Galt, and places of that size, vary from six to ten votes.

Q. Do you think the method you have adopted in apportioning the votes would be a fair one for the election of members to the Commission, if that matter were left in the hands of the municipalities?

A. That matter has not been dealt with. The resolution was largely a preliminary resolution brought about by certain circumstances and conditions during the last four or five years, that I might tell you of. When the previous Government were in power, ^{one} of the members of the Hydro Commission, the late Mr. McNaught, died. Up until that time the municipalities had been perfectly satisfied with the Commission and they had expressed themselves as satisfied on many occasions. Then they thought perhaps it might be well that they should be allowed a representative on the Commission. There was a vacancy, and they had asked, I believe a year or two previous, for the first time when there was a vacancy, that they should be allowed to have one representative on the Commission, who could report direct to the municipalities, and who would be their own man, in a sense. They had asked that the Commission be given a permanent tenure of office, rather than that they should be there simply from day to day, along the same lines as the Dominion Railway Board. I remember that was specified in one of the memorials. When Mr. McNaught had departed, the then Premier, Sir William Hearst, was asked that the

municipalities should be allowed to have one representative on the commission. He agreed with the proposition, but just at that time Sir Adam Beck was away in Europe. It was at the time of Sir Adam's severe illness, if I remember correctly, and Sir William Hearst said he would not like to do anything until Sir Adam returned. However, he said he approved of the proposition, and said he would confer with Sir Adam when he came back, and he said "I will promise you that there will be no appointment made until after I confer with the municipalities." When Sir Adam Beck came back, Sir William Hearst got sick and went away, and by the time he came back there was an election on, and a new Government came into power, and the municipalities again went up to the Parliament Buildings to see the present Prime Minister and laid their case before him, and told him what had been promised, and he seemed sympathetic.

Q. There was no vacancy on the Commission then?

A. Oh, yes, Mr. Lucas was a member and Sir Adam Beck was a member, and under the Statute one member of the Government had to be a member, and Col. Carmichael was appointed, and the Commission was filled up, but it was not filled until after the deputation had waited on the Premier.

Q. It was filled by the appointment of Col. Carmichael, who had to be on the Commission as a member of the Government?

A. After it was reported in the press that the Government intended displacing Mr. Lucas, the municipalities met and interviewed the Premier, and he said there had been nothing done, the matter had not been discussed. He approved of what had been asked for, and he said before anything was done he would be glad to confer with us, and he said when the man was appointed we might rest assured he would be a Hydro man, and we went away feeling that he was with us, but there was a change made and another man was appointed on the Commission, Mr. Miller.

Q. Was he a member of the Toronto local Hydro Commission?

A. No, the Transportation Commission. A resolution was passed following that, deprecating the action of the Government, while not finding fault with the man who was appointed.

Q. Was your recommendation that a nominee of your Commission should be appointed to the vacancy?

A.
Yes

Q. Did you submit any names? Did you pass any resolution electing any one?

A. Not to the present Government. I believe there were some names submitted to the previous Government. We had this viewpoint, that rather than the Association meeting and submitting names, that the names should be sent out to the various Commissions to be voted on. However, nothing was done. The representatives of the municipalities which met from time to time have felt that certain members of the present Government at least, were not sympathetic.

TO COMMISSIONER HANIN: Just in what way? I have heard that term used frequently and I do not understand what is meant by it.

A. I might tell you, Mr. Commissioner, when the Government says they want to consider whether they should continue the present Commission or take it over and make it a Department of the Government, it does not look as if they consider the municipalities had very much interest in it. When the municipalities make a request to be allowed to vote in respect of certain by-laws, and the Government does not reply to that, but the Premier goes to a picnic and makes a statement as to what he will do or will not do, that does not look sympathetic. When a municipality votes on a by-law and the Premier waits until the by-law has to be put into operation; I am instancing the case of the city of Guelph which voted to have the Hydro Commission take over the Electric Railway on the first of July. The year does not

make any difference; they were to take it over the first of July. It went along, - January, February, March, April, May and June, and on the 30th day of June, along in the afternoon, the Premier notified a representative of one of the Toronto papers that he was not going to allow the Commission to take over the Guelph Street Railway.

Q. When was the date of the vote?

A. Six months before. Guelph was not notified; the matter rested in abeyance for some time, and some two or three months afterwards he wrote the city of Guelph, advising them to let the Commission operate their railway, as provided for under the Hydro Electric Railway Act. I came down and interviewed him, and I said "We are willing to vote again to see if the people still remain of the same mind, and he assured me and members of the Council after I was down he would see that any legislation that we needed to validate the action was put through at the next Session. We voted again and carried it with a larger majority than ever before. We are in favor of public ownership up there. It went along until the House convened, and it went along during the Session until the last night, that is sometimes spoken of in the press, and that night along about ten o'clock the Premier introduced legislation affecting the city of Guelph, and insisted that the clause providing that the Government might guarantee the bonds be deleted. I was not at the party, but I heard of it. The city of Guelph took over the railway without the Government guaranteeing the bonds, but we are in a very good financial condition, and I think we sell our bonds at a better rate than even the city of Toronto.

Q. Are any of your bonds guaranteed by the Government?

A. None, as far as I know.

Q. None of the bonds issued by the railway?

A. No.

Q. Are any of the bonds issued by the Hydro Electric in

respect of the Guelph railway, guaranteed by the Government?

A. No, none.

Q. Is there anything more? Have the Government paid money for preliminary services, the same as before?

A. I assume they have, but I don't know anything about that; they have paid out a lot of money.

Q. Didn't Sir James Whitney himself come out with a statement that "hereafter Hydro should be managed as a Department of the Government, and the Minister of Power should be in charge?"

A. I really do not know just what Sir James said.

Q. I notice in an address made by him in 1911 he says:

"I may say also that in our opinion the time has come when, having regard to the conduct of public business under our system, the Hydro Electric Power Commission should be discontinued and a new Department of the Government created, which should take charge of this great work, and the head of it should be a Cabinet Minister. For several reasons this change is desirable". That is Sir James Whitney's appeal to the people in 1911.

A. I do not remember that, I was not there when he said that. I was on the Commission when he told the municipalities they could go ahead and be responsible and the Government would not be responsible for any loss. I would like you to call Mr. Mercer of Galt.

MR. LUCAS: Perhaps you would allow me to explain that item of bonds for the city of London. I have here a copy of the By-Law passed by the city of London at that time, and attached to it is a schedule showing that London's share of the capital cost is the amount Mr. Pocock had in his mind when the bonds were issued - \$671,089. That was the capital liability assumed by London, and for which Mr. Pocock assumed bonds were issued, and he assumes that the bonds were actually

issued, but no bonds were issued at any time. The municipalities were prepared to issue bonds but no bonds were ever issued or deposited.

THE CHAIRMAN: Would you like to say any more, Mr. Pocock, in regard to making a change?

MR. PHILIP POCOCK,
LONDON.

In the first place I feel that it is a municipal scheme. The municipalities are entirely responsible. They are the primary debtors. The province of Ontario has only got a contingent liability, and never had anything more. I have noticed that you have asked questions that have surprised me. If I had a customer that owed me a large amount of money, and a friend of his came along and said "I will pay that debt off", I would be satisfied to take the money. I do not think the Province of Ontario should be very much interested in how the municipalities raise the money, providing the money is raised and the Province is paid off. Apparently suspicion has been cast on the whole scheme as coming more or less from the Province and this Commission, which I think is very detrimental.

Q. You say the Province should not consider any question as to the security for these bonds?

A. Not if they get their money.

Q. Have they refused any money?

A. No, we would have to get some legislation. I think the municipalities have to come in to it as co-partners.

Q. Do you think the Hydro municipalities would be willing to assume this additional indebtedness, and relieve the Province of it?

A. They have certainly assumed it.

Q. No, they are not on the bonds at all.

A. We have a contract, and we do not regard our contracts as being worthless.

Q. I am speaking of the bonds that would add to their bonded indebtedness. You would have to issue bonds in their places. Are the municipalities willing to do that?

A. I cannot say that.

Q. Is the City of London willing to do that?

A. I rather think they are.

Q. Have they declared themselves on that at all?

A. No, because we have not reached that point. Our liability to the Province is \$7,137,000; that would be our proportion of the bonds that would be issued.

Q. Would you be prepared in London to issue bonds for \$7,000,000 and have the Government bonds withdrawn and your bonds substituted in their places?

A. In due course. If the Province now wanted thirty-five million dollars, it would be a nice thing for the municipalities to step in and say "Here is your thirty-five million dollars".

Q. The money would not go to the province?

A. I see the Provincial Treasurer is asking permission to raise \$15,000,000. Why not let the municipalities in the Niagara System supply that money and relieve the Government of that amount of bonds. They would not need to issue new bonds.

Q. I think if I were the Provincial Treasurer I would encourage the municipalities to do that?

A. That is why I was rather surprised at your asking the questions as to whether we would be agreeable to do that; it is up to us to do it.

Q. We want to know if you are agreeable, and if that is the

desire of the municipalities, because it would make a great difference to the individual indebtedness of the municipalities if they took over this \$160,000.000.

A. We are responsible now.

Q. You are indirectly?

A. Directly.

Q. You have issued no bonds?

A. If these \$571,000 bonds were not issued it is somebody's fault, because there was a by-law submitted to the people and it was voted on.

Q. You think the municipalities issued bonds for an amount equal to the bonds issued by the Government and deposited them with the Government?

A. We have an interest in Hydro now of nearly \$9,000,000. and we, as a city, protect our own interest. We would not be acting in the interest of our municipality if we did not do so. The whole thing is discrediting the system , and many people will tell you on the street that they do not believe the figures that have been issued.

Q. I do not know anything about that.

A. That is common talk.

Q. If you have good citizens on your Commission, I would think the citizens would believe them?

A. It is the people who are opposed to public ownership.

Q. There are very few opposed to public ownership now?

A. Not as many. They are all favorable but I remember the time when they were not favorable. In other words the Province is magnifying the good work they have done in guaranteeing our bonds. I do not think there is much credit to be given to the Province of Ontario for guaranteeing these bonds. They just borrowed the money themselves and paid the money over to the Commission and they have not taken any bonds in return. Men meet here

condemning Hydro, notwithstanding it is such a great success but they never say a word about the C.P.R. having been given two or three hundred million dollars by the Government, but they will says, "Look at what the Province has done for Hydro." Profession is one thing and practice is another. It is not so long ago we had a gentleman get up on a public platform and say, "To Hell with profits" but in practice he put a little more salt in the curing of the bacon, and that is what I am opposed to. Profession and practice are entirely different things.

Q. What proportion of these bonds are held in the United States or have been sold in the United States?

MR. GUILFOYLE: I have not any idea.

Q. Most of the bonds for the Chippawa Development were sold over there?

MR. GUILFOYLE: I would have to preface my answer in this way: Bonds of the Province were sold in Canada or in the United States; very large sums, \$10,000,000 or \$15,000,000 worth at a time and the money was put in the consolidated revenue fund of the Province and that fund was used for all purposes, for Provincial purposes, for advances to the Commission and there is no doubt Hydro took a share of these bonds.

Q. These bonds are not ear-marked? A. No.

Q. There might be some difficulty for them to surrender bonds of the Province of Ontario.

MR. POCOCK: My own idea would be, and I have talked with some financial men about it, some of the companies that issue bonds, we would issue our own bonds and pay off the others. It might be possible to make a rate of interest

to-day in some cases lower, in other cases it might be higher because the original bonds were issued at a lower rate.

Q. Your idea would be for the municipalities to jointly guarantee these bonds? A. Yes.

Q. Not individually? A. Not individually, municipalities of the Niagara System would make a special arrangement; it does not concern us about the other systems. We have nothing whatever to do with them.

Q. You might find reluctances on the part of some of the municipalities? A. We would let them go.

Q. It would be an immense financial liability? A. I have some little knowledge of financial matters and I think the Hydro scheme is as solid as the Bank of Montreal. There is absolutely no danger.

Q. Perhaps I did not make myself clear? A. I would not bother with the small municipalities, unless they wanted to come in and it would not be necessary because Toronto has \$83,000,000.

Q. You would have Hydro issue bonds just as the railway does, you would not make it a liability on the municipalities?

A. Sure absolutely.

Q. In addition to its being a liability on the work?

A. I do not see the difference. We have a law now that we are responsible for every dollar that has been put into the Niagara System.

Q. When you are borrowing money you have to state to the bond dealers your liabilities, would you treat the obligation to the Hydro Power Commission as an outstanding liability? A. No, the law says that any debentures issued for revenue purposes, has not to be considered as such,

that applies to every public utility.

MR. LUCAS: You would require new legislation and you would have to formulate a complete scheme.

MR. POCOCK: Yes.

THE CHAIRMAN: I think the difficulty would come in making this change and in getting the people who now hold the bonds with the absolute guarantee of the Province to give these bonds up and accept in return for these bonds, bonds guaranteed by the Hydro Commission itself or by the municipalities? A. We would pay them off. We could go to an insurance company and get a guarantee if we paid for it.

Q. You would sell your bonds in the open market? A. Sure.

Q. Do you suppose the Hydro Association would be able to arrange to borrow \$160,000,000? A. I certainly do.

Q. If you got the money that would end it as far as the Province is concerned, but if I held bonds with the guarantee of the whole Province behind it, I would think some time before giving those bonds up and taking the bonds with a less valuable guarantee? A. In 1908 or 1906, it was necessary to have a lot of faith, there were very few people knew then that Hydro would be such a success but now there is no faith required.

Q. You might find it much easier to borrow the money now?

A. Absolutely.

MR. HATCHER: Is the Chairman of this Commission in the position of giving information or getting information?

THE CHAIRMAN: I am here to conduct this Inquiry.

G A L T.

ARTHUR W. MERCER, Called.

I have listened to what has been said by Mayor Maguire and Mr. Pocock and I may differ in some respects as to what they have been saying, but in general I agree.

THE CHAIRMAN: We would like to have your view, Mr. Mercer, and perhaps you can tell us something as to how the Commission should be constituted? A. I would say there should be three Commissioners and as far as I am personally concerned I should say that the Government should have one representative. There are a number of small municipalities who are not Hydro municipalities and they must necessarily be protected and the municipality that is not in Hydro should be protected in some way and when they come into the Hydro scheme they should have the same advantages in coming in and they should be allowed to come in in the same way as others.

---Adjourned at 1:15 P.M. until 2:30 P.M.

2:30 P.M. RESUMED.

D U N N V I L L E .

JOHN MARSHALL.

TO THE CHAIRMAN:

Q. Where are you from? A. Dunnville.

Q. What is your position there? A. Chairman of the Public Utilities.

Q. We have asked the representatives of the different municipalities to tell us whether or not they are in favor of taking the appointment of the Commission out of the hands of the Government and vesting it in the hands of the municipalities, and whether they are in favor of the munici-

palities taking over the financial responsibility and relieving the Province of that responsibility. Will you kindly tell us your views? A. I would not be in favor of the municipalities taking it over at all.

Q. Do you mean taking over the financial responsibility?

A. No, nor in taking over Hydro. In the first place they could not take over the financial responsibility because the bondholders would not allow their bonds to be removed. The security the municipalities could give would not be as good as the Government security and if the municipalities wanted to borrow money they could not borrow as cheaply as the Government and what I think would happen would be that the big centres would dominate the small ones.

Q. It would depend upon the number of votes each municipality would have? A. There is a question about that, supposing a small municipality like Dunnville came along and said "We want some more money for some certain thing"? They could not pay it; what would happen.

Q. That would have to be worked out? A. The municipalities are not sufficiently acquainted with the situation to take it over, they do not know anything about it. You would be surprised to know how little the small rural municipalities know about Hydro, they do not know anything about it, and if a change were made there would be no end of trouble. It is bad enough as it is. Dunnville, as far as I know, would not think of it.

Q. Of course the municipalities would not directly manage it, they would elect representatives and constitute a Board just the same as at present? A. I cannot see from

any point where it is going to be of any benefit and I can see where it is going to do harm. You would find that the small municipalities would be in difficulty, they could not keep their end up.

Q. Assuming that the municipalities did not take over the financial responsibility and did not take over the appointment of the Commission, what changes, if any, would you suggest in the relations between the Government and the Commission? Are there any changes that you think might be made.? A. There are changes that might be made but I do not know that I could give them to you at the present time but I could in a couple of days. I have the changes worked out.

Q. Can you say in what direction you would propose any changes? A. The different systems should be operated separately.

Q.; What do you mean? A. The Niagara System should be operated separately, I do not remember just now just what it is, I have got it all written out.

Q. You could send that in to us? A. Yes, I will do that. I have gone into it pretty thoroughly.

TO MR. JEFFERY:

Q. Are the municipalities not separate now? A. We are tied together in an agreement, the different municipalities are all tied together.

Q. You are in the partnership? A. Yes, and we should not be.

TO THE CHAIRMAN:

Q. Would you have each municipality stand by itself?

A. Sell them power at the sub-station and let them look after

it, of course it should be under Government supervision.

Q. Would you build your own lines from Niagara Falls?

A. No, just the law tension lines. The trunk lines are owned by all the municipalities together, they are owned in this way: they are paying for power at cost, they do not own anything in that sense but by the time that they are ready renew the sinking fund will be there.

Q. Supposing your sinking fund should accumulate for the next thirty years by that time you would have enough to pay off the bonds and each municipality would have a certain ownership in that property? A. I think the lines would want renewing by that time and this sinking fund is supposed to take care of the line when it is worn out.

MR. JEFFERY: The sinking fund pays for the existing line.

THE CHAIRMAN: And the renewal fund keeps the line in repair. Of course you might have incurred debts for other purposes by that time; usually as soon as a corporation pays over one debt they accumulate another. Hydro might not do that but there is a certain tendency in that direction. I do not see why there would not be a substantial interest owned by the municipalities when the thirty years are up but we are perhaps getting a little off the track as to the relations between the Government and the Hydro. Are you in favor of the municipalities being represented at all upon the Commission? A. I do not know, I have never gone into that.

Q. Do you think it wise that the Government should have a member on the Commission, or would you prefer that they should be appointees of the Government and not members

of the Government? A. They should all be appointees of the Government.

Q. Under the Statute one must be and two may be members of the Government, and they are appointed by the Government; would you say they should be members of the Government?

A. I do not think so.

Q. You think they all should be Government appointees but you think they should not be members of the Government?

A. No, I do not think so.

Q. Is there anything else that you would like to say?

A. Now I do not think so.

MR. JOHN GALBRAITH: I have a resolution here if it is in order to present it. It is as follows:

"Moved by John Galbraith, Seconded by W.W.Grenville.

Resolved that Hon. Premier Drury be requested to appear before this body of representatives of different municipalities and state his attitude towards any prospective changes in the constitution and operation of the Ontario Hydro Power Commission, so that delegates may report back to their municipalities."

THE CHAIRMAN: Is that resolution of a public body?

MR. GALBRAITH: That resolution is present^{ed} by myself and seconded by Mr. W.W. Grenville.

THE CHAIRMAN: This is not a public meeting, this is the sitting of the Commission.

MR. GALBRAITH: If you say it is out of order I will not press it.

THE CHAIRMAN: It is out of order as a resolution but if you wish to put it in as an expression of your views

we would be glad to receive it.

MR. GALBRAITH: It expresses my views.

ADRIEN W. MERCER, Continued.

TO THE CHAIRMAN:

Q. You were the seconder of that resolution presented to the Municipal Association? A. I was the mover of it. With regard to separating the Hydro municipalities from the Government we believe and I think it is generally believed by the parties interested that we would be satisfied if the municipalities were divorced from the Government.

Q. What is your reason for that? A. My reasons for that is that any Government might upset the working of Hydro, it is lack of co-operation on the part of the Government that has brought about this agitation.

Q. What agitation, the one resulting in this resolution?

A. Yes. If the Government and the Ontario Hydro Commission would co-operate together for the interest of Hydro, it don't seem to me that there would be any occasion for that.

Q. In what respect, in your opinion, don't they co-operate?

A. We have asked them for representation on the Hydro Commission and that has been refused.

Q. You speak of co-operation between the Government and the Hydro Commission of Ontario? A. The Hydro municipalities.

Q. You are not brought directly into contact with the Government, is not it the Commission that looks after all the operations outside your local plants; the Commission is brought in contact with the Government?

A. Very true, but we could not appeal through the Commission

Q. they are appointed by the Government and we could not appeal to the Government through the Commission.

Q. Why Not Sir Adam Beck, he has been Chairman for many years? A. That is very true, but this is an appeal by the municipalities of the Hydro Association and they are the representatives of the people.

Q. The Hydro Commission itself has never asked for any change, has it? A. Not that I know of.

Q. The Association have asked for that representation on the Commission, why should they have representation on the Commission, I would like to hear your argument for that? A. They should have representation because they are responsible financially for the success of the enterprise. We believe that it is the best thing for the people. I have not any axe to grind in the matter. My only desire is to do what is for the interest of the people. I care not what Government may be in power. There may be eruptions, as it were in connection with Hydro and in listening to Mayor Maguire and Mr. Hannigan it seemed to me that you were in doubt as to the Hydro municipalities being a unit, as it were, in working out their scheme. Now, if the Hydro municipalities are not a unit how can we expect the Members of the Government to be a unit, when they represent both Hydro municipalities and municipalities that have not Hydro. The Hydro municipalities have one object in view and that is success of the Hydro. They are financially interested in it to the extent of the enterprise and we feel that if the Hydro municipalities have control of the interest they represent, that it would be much easier to carry on than for the Government and I care not what the Government may be. A Government may come in and change

the whole system.

Q. There has been no change made in the Chairmanship of the Commission for a long time. You have the same Chairman and he has really dominated things, I presume, on the Commission? A. Very true, but we feel that as long as we have a Chairman and one member of the Commission we have a majority, There are three members on the Commission.

Q. You have not anyone there? A. No, we have not anyone there.

Q. Has not the Government, as representing the whole Province, of which the Hydro municipalities form a part, got an interest in the matter? A. Very true, but they might have appeals from the municipalities that are not Hydro and that might be detrimental to the Hydro municipalities and to the Hydro scheme and influence might be brought to bear on the Government by municipalities that have no interest in Hydro and that would be detrimental to the scheme.

Q. What proportion of the population is represented in Hydro municipalities? A. I think possibly 60%.

MR. JEFFERY: It is something over half the population.

MR. LYON: I have the figures. The number of people in the Hydro municipalities is 1,676,162 and the persons who are not affected by Hydro, 1,257,000.

MR. MERCER: I think those figures are about right.

COMMISSIONER R.A.ROSS: Do all the Hydro municipalities belong to your Association.

MR. MERCER: I believe not.

Q. What proportion of them? A. I cannot just tell you. I think Mr. Hannigan can answer that question better than I could.

Q. You cannot, then, speak for all the municipalities?

A. I am not speaking for them all.

Q. We had a witness just now who said the municipalities did not wish any change; what proportion of the Hydro municipalities are members of your Association?

MR. HANNIGAN: Ninety-five percent. of the Niagara district; very few in the Central Ontario System.

Q. Would you have seventy percent. of them all?

A. Yes, about that.

TO COMMISSIONER R.A.ROSS:

Q. You have all the large ones? A. Yes.

Q. You speak for the larger part of them? A. Yes.

THE CHAIRMAN: Have the local Commission passed resolutions on similar lines?

MR. HANNIGAN: Not recently, but they did several years ago pass resolutions and a deputation waited on the Government on two or three different occasions relative to this but they were told the matter had not been dealt with yet but it would be in the course of two or three weeks.

THE CHAIRMAN: Just after we adjourned the Mayor of Galt came to me and said that he did not want to express any view because they had not considered it in council and he did not know what the view of the members of the council would be.

MR. HANNIGAN: It was only on the 12th of April we met and it took a week or ten days to get this resolution printed and sent out.

THE CHAIRMAN: Have you sent out any queries?

MR. HANNIGAN: We sent out copies of the resolution and you will notice there is a foot-note saying it has been

discussed and carried and it is being sent to the various Commissions. It was up to the Commissions to take it before the Councils.

Q. If you had the result of that you would have some knowledge of what the result of their opinions were?

A. Yes, the matter is/in the preliminary stage now because we want to get the opinions of all before holding another meeting.

THE CHAIRMAN: Mr. Marshall of Dunnville, who spoke just now, said he did not think you could get the bondholders to give them up and accept the bonds of the municipalities or of Hydro.

MR. MERCER: I have thought that matter over and I do not anticipate any trouble. However, it may be that it would be wise to leave the present bonds as they are and in future developments, if bonds were issued, arrangements could be made to sell them to the municipalities.

Q. Of course you realise that the Provincial Government today is directly liable to the bondholders to the extent of over a million dollars for cash advanced and then it has guaranteed them as well; could you expect the Government to give up control of the Commission when it has that great obligation outstanding? A. Well, I feel the interest of the municipalities who have made themselves responsible for this tremendous expenditure and who have made this great success of it, I feel they are fully financially able to bear the whole responsibility of the whole thing.

Q. Until they take it over from the Government what would you think as to the advisability of the Government looking at it purely from its own standpoint, giving up its control

while its liability continues? A. Their liability would cease if an arrangement was made.

Q. They would if their bonds were replaced by others?

A. The intention is to relieve them of the bonds.

Q. I thought you said you might arrange it so that the present bonds would remain and any new bonds should be made by the municipalities? A. I think I said that might be considered.

Q. We have not heard from the Government whether they would be willing to do this or not? A. That would have to be worked out.

Q. If you were a creditor you might not like to give up your control until you were paid off? A. If I were a creditor and had the backing of the municipalities, speaking more particularly of the Niagara System, I would be perfectly satisfied with the bonds of the municipalities interested in Hydro in the Niagara District.

Q. This is a large innovation and we saw some plants which cost a great deal of money and which have been very profitable plants, suddenly meet with more or less of a failure, that is an infrequent occurrence in the business world today?

A. Very true.

Q. Supposing some invention was made which would give us power cheaper than Hydro, the great undertaking of Hydro would, in that event, be useless, perhaps it is improbable but it is possible and you might lose a great deal of money and the Ontario Government would be left with a great obligation and the municipalities might make up their minds to use some other power? A. I believe we are now willing to assume the liability which would relieve the municipalities

that are not Hydro municipalities.

Q. If you relieve the Province of all responsibility they would have no reason for trying to retain control? A. No, I cannot see it in any other light than that the Hydro municipalities by taking over the bonds and assuming all responsibility for payment would be relieving the balance of the Province from any responsibility.

Q. If they could do it? A. Yes, that, of course, has to be worked out.

Q. It might be easier than some think? A. We feel it would be possible. In the first place the sinking fund will eventually wipe out the indebtedness and we are purchasing an equity in our own property and that would be one way of wiping it out. When the Government wanted money to spend for general pur_poses they might have the municipalities issue their own bonds and turn over the cash to the Government and in that way they would redeem their indebtedness to the Government. I believe municipal men who are interested in Hydro feel that the investment is so good that there would be little difficulty in arranging to finance it, I do not think there would be any difficulty.

Q. In what respect would the municipalities, if they had control, be better off than they are now with the Government in control? A. They would be able to go to the Commission instead of going to the Government, the Commission would be, as it were, ~~supreme~~.

Q. Do you think they would be likely to receive any more consideration from one than the other? A. Not as long as the Government was in sympathy with the Hydro scheme and there were no changes made. We believe the men who have grown

up in this enterprise and have taken a interest in it and have invested their money and have become responsible for it, ought to be able to run it, they are better posted on the affairs of Hydro than men who may be elected to the Legislature at any time. We feel that these men have given all their time to the building up of this splendid enterprise that the people are enjoying so well today, nothing has given as much convenience and comfort as Hydro. We believe men who are elected to look after the affairs of the Hydro are better able to judge of the needs of Hydro than men who may be elected to the Legislature.

Q. There is only one member of the Legislature on the Commission out of the three. Supposing there was any change made would you be in favor of eliminating the Government membership in the Commission altogether? A. I would not think that was desirable, I think one member of the Commission might represent the Government.

Q. Supposing the present system continued and assuming it is going to run on as it is now, would you think it was desirable that the Government should still continue to appoint three members as they do at the present time? Do you think it would be desirable for them to appoint men who were not members of the Government, so that none of the three members of the Commission would be members of the Government? A. If the member of the Government was in sympathy with Hydro and posted on Hydro I would say it would be a good thing.

Q. You could not tell whether he would be or not? A. Then he should not be appointed.

Q. You see, under the Act it is compulsory to appoint one

member of the Government, would you repeat that provision of the Act and leave the Government free to appoint any man who might have a special qualification for that position? A. I would say the men appointed should have special qualifications.

Q. When they are electing a man to the Legislature they do not consider whether he is fit to sit on the Hydro Commission? A. I think that is just what has brought about the present condition.

Q. It is a condition that has continued for a long time; under the Act they can appoint two members of the Government on the Commission but they must have one. You think it would be desirable not to make it compulsory to have one member of the Government on the Board? A. I think it would be well not to have one member of the Government.

Q. So that the Government would be free to appoint anybody that they thought would be efficient? A. Yes.

Q. Have you thought anything as to the term for which they should be appointed; whether one should retire every one or two years, three or four years? A. I should say one retiring every one or two years, perhaps every three years.

Q. You would appoint one man for nine years and one retiring every three years? A. Yes, some arrangement of that kind; that has not been discussed.

Q. As it is now one member of the Government must be a member of the Commission and there must be a change whenever there is a change in the Government? A. Absolutely, that is just the danger, the changing of the Government might interfere with the working of Hydro.

TO COMMISSIONER HANEY:

Q. Do you think the Commissioners should be full time men, giving all their time to the work? A. I think it might be well to have three men giving their full time.

Q. And pay them accordingly? A. Paying them accordingly.

Q. Have you thought whether there is any danger of the larger municipalities dominating the situation altogether?

A. The City of Toronto is very generous with the smaller municipalities. Toronto now has twenty votes and when you consider the tremendous investment they have, they have not as large a representation as the smaller municipalities proportionately. I believe something might be worked out that would be satisfactory in that respect.

I do not think municipalities buying 100 h.p. should have as much say as the City of Toronto.

Q. If you gave votes according to the h.p. used you would have the big cities dominating? A. I do not think that should be done. I think the smaller municipalities should be protected and I think the municipalities that are not Hydro municipalities should be protected and they should be able to come in if they wish to on just as favorable conditions as Hydro municipalities.

Q. If the municipalities made the choice how are you going to guarantee that you will have efficient men on the Commission, would not the tendency be to appoint some member of a council as a member of the Commission, instead of choosing men of highest skill? A. You have reference now to some wire pulling.

Q. I do not see how you could guarantee you would have the class of men who should be on that Commission? A. Is there any safeguard along any road? There is absolutely no

safeguard.

Q. You could impose some Statutory qualification?

A. It would be very difficult to do it, it is difficult even under the present system.

Q. If you had to chose between the Government and a number of municipalities, I should think you would be more likely to have a better class of appointees by the Government?

A. I think I take exception to that.

Q. I am not making the statement, I am just asking you if you would not rather be taking a chance with the municipalities?

A. The municipalities would be Hydro municipalities and financially interested in the scheme and responsible for the success of if and if they did not appoint proper men who would not make a success of Hydro they would be put out of office.

Q. You think the interest would be greater than the selfish interest of an individual? A. Yes.

Q. Have you considered the radials at all; there are certain radial railways directly controlled by the Commission, have you considered whether it is desirable for the Commission to build and operate radial railways or would you divorce that from the Commission? A. It may be divorced from the Hydro.

Q. You would have to consider that when you were appointing members to the Commission, if you were going to allow the Commission to run radials you would have to allow the municipalities who were interested in radials to have some voice? A. Surely, they would have to be consulted and that would have to be the wish of the people I would say.

THE CHAIRMAN: Does anyone want to ask any questions of Mr. Mercer?

---No reply.

G R A V E N H U R S T

MR. W. H. BUTTERWORTH

I represent one of the small municipalities and I think I can safely say the smaller municipalities would rather view with concern, the possibility of being dominated by the larger municipalities if the matter were placed in the hands of the municipalities entirely free from Government control. We feel that it would be an advantage possibly to have a representative of the municipalities on the Board. Speaking for myself it seems to me that it would not be long before there was quite a little bit of political influence in connection with the election of members to the Government if they were separate from the Government. It would not necessarily follow that the most efficient men would be appointed. Our own position is this, and has been for some time; we feel that the Government control might be vested in a different manner and something along the lines possibly of the Ontario Railway and Municipal Board, an independent body to whom appeals could be made, would be an advantage of the municipalities.

Q. What sort of appeals? A. Any appeals in the matter of differences between the Hydro Commission and the local municipalities. As to agreements; all these matters or disputes are now determined by the Hydro Electric Power Commission, whether they arise out of a contract or in any other way and that seems to us to be in the nature of

of having one party to a contract placed in the position to finally determine any matter of dispute that may come up. We have felt ourselves very much, in connection with our relations with the Provincial Hydro, although we have always received courteous consideration from Sir Adam Beck and the members of the Board, careful consideration, but we never seem to have got very far and we have always gone back with the feeling that if there was an independent body we would probably get more attention than we have been receiving.

Q. There would not be a sufficient number of these questions coming up to have a separate Board; do you mean the matters could be referred to the Ontario Railway and Municipal Board? A. Any independent court; I do not agree with the previous speaker that in all these matters it is necessary to have an expert man as Commissioner. The Ontario Railway and Municipal Board get along very well with an expert adviser. Many of the matters that are brought up are matters of common sense and justice which may be settled by a man of experience without expert knowledge.

In the matter of the financial obligations, Gravenhurst would not be greatly concerned about that. Gravenhurst at the present time is responsible for all the bonds in connection with the original installation and the debentures are issued in our names and Hydro paid over to us a sum necessary to retire these debentures.

TO COMMISSIONER R.A.ROSS:

Q. For the local plant? A. Yes, in the case of the local plant we felt that we were able to handle that plant and we feel today that we are able to handle it. We even feel

that we could handle it better than Hydro are handling it but still we are under Hydro and we have to bow to their decision and it is their decision in many cases that we object to. A very notable case of that is the matter referred to by the Hon. Mr. Lucas this morning, when he pointed out that the provisions of the Hydro Commission are superior in the matter of protecting the future, to any other industry that is in existence. We feel that we are unduly penalized by having to provide this extensive sinking fund for future requirements. We feel that if a plant of that character, which the Hydro engineers tell us has to be maintained 75% efficient, if the present generation retires the indebtedness incurred to instal that plant and maintain it 75% efficient, they should not be required to put up money sufficient to enable them, at the end of thirty years, to hand over to the future generation a plant 75% efficient and also sufficient money to put in another plant if they need it. It results in what we feel to be unnecessary and an unfair burden on the present generation. In a recent discussion with the Provincial Hydro we found that at the present time the actual cost of power runs in the neighborhood of \$12.56 per h.p. and we are paying \$20. per h.p. and the difference is to take care of depreciation, renewals and depreciation reserve. We feel that is altogether disproportionate and that it works in our case as rather an hardship upon us. We are situated between two municipalities who have their own Hydro plant and they are able to sell power to the consumers at what appears to be a better rate than we can. We did not ask the Hydro to take over our plant; we handled it before they took it over and we did

not ask them to take it over. We keep the thing going and paid all our debentures and we feel today we can handle our plant and still put something by for contingencies but we should not put by such a strong depreciation fund and we would be having our power at a considerably lower rate than we are getting it at the present time.

Q. Don't do you think you should do something for the future generation? A. Why should this generation carry the whole burden?

TO COMMISSIONER R.A.ROSS:

Q. If you had it in your own hands and the Government were not loaning you money you could pay yourselves off or not just as you liked? A. The Government have not loaned us any money at all. We sold the debentures and put the plant in before the Hydro took it over.

Q. What about the transmission line? A. We built that and maintain it ourselves. We take the power at the power house, at the generating station, and we maintain the pole lines, the distribution lines and the whole system ourselves.

Q. You have the whole thing, lock, stock and barrel?

A. We had it in our hands until 1915.

Q. How was it that Hydro took it over? A. There was an application made by a neighboring town for power. It is a long story and we feel it is hardly a matter for this Commission at this time. The terms that were offered us looked so good and we thought that we would get power at such a price and that would relieve us of certain responsibility and we felt it would be a good thing to hand it over to the Hydro in view of the fact that this neighboring town wanted considerably more power than we had available. Unfortunately

our expectations have been far from realised and we are paying fully twice as much for the power ~~as~~ we would be likely to be able to get it for. The original proposal was power at \$10. per h.p. and we were told that if Hydro took it over we should probably get it at \$8, certainly less than \$10., but we are now paying \$20. There are several features about the present price that we take exception to. We find quite a difficulty in getting men who are willing to sit on the Commission; they take the view that the Hydro control it to such an extent that they might as well stay at home and let Hydro control the whole thing. We have no power to fix the rate that shall be charged and we have no voice in determining what expenditure shall be incurred and we have simply to take our instructions from the Hydro Commission.

Q. Have you had to give way in the matter of rates? A. Yes, the Hydro Commission - mind you, we are not antagonistic, we are simply criticizing, but not opposing them in any way - in their statement they say they recommend certain rates. About two years ago they recommended a change in our rates but we came to the conclusion we could handle that situation without raising our rates and we did not put them in force and we had a very peremptory letter in December stating their engineers had examined our books and found we were not putting these rates in force and calling our attention to it, with the instructions from Hydro that they must be obeyed and also pointing out that the penalty was \$100 a day for failure to put them in force. Our Commission put the rates in force, with the result that I think any unbiased person would arrive at the same conclusion, had we retained our old rates we should still be able to pay

our way, although at that time we were paying \$15 per h.p. for power and it has been increased to \$20. Still, we have money in hand that would enable us to pay that. Of course, probably, if we were putting this matter before the Hydro Commission, they would say we have not paid up our 13th bill, but that 13th bill is a bill that we rather object to, because it is not the actual cost of power; it is arrived at by providing for this depreciation reserve and contingencies.

MR. JEFFERY: It is the cost of power according to the Act.

MR. BUTTERWORTH: The cost of power includes all this and our objection is that it includes a provision, which in our case, is out of all reason, to pay for the actual cost, by that I mean the necessary maintenance, wages and retiring debentures already incurred. That costs a certain sum, to set aside a sum equal to 70% for these reserves, contingencies and depreciation, seems to be out of all proportion. We would certainly approve of putting up the sum of 20% or 25% but I could not attempt to put it in figures the way the Hon. Mr. Lucas put it before you but it is attempting to put Hydro on a pinnacle altogether high above any commercial enterprise that would ever be entertained.

MR. LUCAS: Yet we are criticised for not being financially sound.

MR. BUTTERWORTH: You are doing too much, you are too financially sound and making this generation pay a whole lot more than is fair or equitable

MR. LUCAS: Our bankers are alarmed.

MR. BUTTERWORTH: We feel that you are overdoing it

and for our part we feel we are paying too much. It does not become so noticeable to a larger municipality but in a small municipality it hits us hard.

TO THE CHAIRMAN:

Q. How do they do it in Orillia? A. Orillia handles their own plant. I have not been able to take up their rates. We were at the Hydro Commission recently and they always treated us well and we are only criticizing them because they do not agree with our method. They told us that they cannot help it that they have to follow the Act. Well, then, the Act ought to be altered. They think Orillia is sailing right on the rocks. I was speaking to a man on the Commission and he said they were going on the rocks.

Then we have Bracebridge, they can generate power and sell it to their manufacturers at \$12.66 a h.p. I was talking to their Mayor a few weeks ago. They are not on the Hydro and they tell you you could not chase them on the Hydro, although they would like to have more power. They are operating their plant at \$12.66 a h.p. The Mayor was for a long time on the Commission and he claims they are absolutely sound. They probably would be wiser to put some aside for contingencies but this depreciation reserve, if I may criticize an eminent engineer like you have advising this Board, I would say this depreciation reserve, if not altogether wiped out, should be considerably reduced. Why should you build up a fund to have at the end of thirty years to hand over to the future generation, together with a plant 75% efficient.

Q. The sinking fund has been postponed for five years?

A. Yes, that is only to get the municipalities started and here we are paying, as you will see; depreciation might

be quite justified in some places and in other places it might be an unreasonable amount.

Q. There are some plants in the Province which are in far better shape than others? A. There is where my suggestion comes in that you should have a Court of Appeal to which you could go and place your case. The agreement here says that the rate to be charged shall include a rate for depreciation, I assume that has been fixed by Accountants on what they deem to be a safe basis but it seems to me we are building up in our little plant far too much.

Q. In many places depreciation has been suspended or wiped out, perhaps you will find your 13th bill has been wiped out? A. They have a reserve for contingencies. We have been having an Accountant urging us to wipe out this 13th Bill. One argument given to us was that if we fail to retire this it would make an extra charge but we have not made a desperate effort to retire it because we never saw why we should pay it. They are charging us 5% interest on our own money.

Q. You do not pay either principal or interest on your 13th bill? A. No, and it is a pretty good thing we have not, that bill got up to \$7,000 and now Hydro finds, and it is not to be wondered at because they are learning the same as we are, and they find they have been charging us too much. They started in at 4% and now they have got it down to 1% and instead of having to pay \$72 we are only paying \$31.46 and we hope it will be reduced so that it will disappear altogether.

TO MR. LUCAS:

Q. You have no 13th bill this year and you will have \$574 to apply to your old account? A. That is a matter that has not come up.

TO MR. JEFFERY:

Q. Your objection is not against the Hydro Commission but against the Act? A. Yes, against the act.

THE CHAIRMAN: I do not think the Act fixes the amount of the depreciation at all.

MR. LUCAS: It depends on the engineer's report.

MR. BUTTERWORTH: We are not objecting to depreciation but we object to that very large depreciation. What I am pointing out is the difference between the depreciation fund, which will provide a sum to replace, and a contingency fund which will provide for maintenance. I am well aware that you may have a considerable break-down and you should have some fund to take care of that, that is different altogether to depreciation fund, which will be accumulating to the end of thirty years.

The three things I have to speak of are these: First of all, there should be an independent Board, for my own part I do not see why it could not be worked along the same lines as the rural telephone system, which is operated in connection with the Ontario Railway and Municipal Board; they have Mr. Dagger there as an expert to advise them.

Q. If you had an appeal to anybody it would be to the Railway Board? A. The provisions of the agreement are that we cannot appeal anywhere and we have felt the need of a Court of Appeal; an independent Court of Appeal for the

various questions that will crop up and we feel that the control by the Government - we do not see where there will be very much advantage if you appoint another elective member. The chances are in the course of years it would become just as much political as a political party and there would be just as much lobbying, the smaller municipalities feel that there should be a power that we could go to in case of dispute that would help us out. Then we feel that the management should make it worth while for men to stay on that local Commission and handle the business. If we were charged a rate for power at the Power House and if we ~~they~~ paid that rate for power we should be at liberty to fix our own rates, as long as we pay our money that should be sufficient.

TO MR. LUCAS:

Q. A great many other municipalities don't agree with you? A. Probably so, but we feel that should cover the situation. We realise it is far easier for the Hydro Commission to run it along that line because whatever crops up at the end of the year they can put in a 13th Bill. If they were a private corporation they would have to provide and raise that percentage so as to protect them for contingencies of that character and they would give their customers a fixed rate for power and we feel we would be in a better position if we were paying it in that way. There is a water power that I believe could be developed right there and we would have our power nearer at hand.

TO MR. JEFFERY:

Q. Referring to the matters in dispute, any matters that you

have had disputes about have been in connection with the Act? A. I do not think so.

THE CHAIRMAN: He says there has been disputes as to local rates, sometimes you asked them to fix local rates different to what they wanted them.

MR. JEFFERY: That is following the Act.

THE CHAIRMAN: The Act does not provide what these local rates shall be.

MR. JEFFERY: It provides the cost and in that cost they do not want to include depreciation.

MR. BUTTERWORTH: This depreciation feature is one over which we have no control. We have no control over anything. We claim that we should have some data to work on. We should know why we are charged that high rate and whether the proportion is altogether out of reason. We should have the right to appeal and object to a charge like that. We feel the rates should not be put in force.

TO MR. LUCAS:

Q. Do you think they should be entirely under the local system, so you could charge one customer high and another customer a low rate? A. The local systems would not do that kind of thing.

Q. Who would look that up, who would be the authority, you can imagine that local systems might discriminate in rates? A. Yes.

Q. Who is to check them up? A. There are several methods that might be adopted.

Q. You would not leave it entirely with the local Commission? A. No.

Q. There would have to be an Appeal Board of some kind?

A. Yes.

Q. Hydro is the Appeal Board? A. Yes, they are now the Appeal Board.

Q. They are not interested in your local rates? A. As far as that goes there is no Court of Appeal.

Q. Hydro fixes your rates for you? A. No.

Q. You submit certain rates? A. No.

Q. They control your rates? A. Yes, they control our rates.

Q. They are not interested in any way, they are impartial?

A. Yes, they are.

Q. In what way would you suggest they have any possible interest? A. Why should they fix these rates.

Q. There was a deficit of \$1,400? A. That is all in that depreciation reserve.

Q. They can have no interest? A. I am not suggesting for a moment that Hydro puts the money into anything else, but what we do feel, and we feel it strongly, is that our local Commission can handle that business.

Q. What answer do you make to this: other municipalities say they do not want such responsibility because there is always local considerations, a local factory might want a rate that would not pay? A. If the Statute provided that there should not be any preferential rate to any concern then it would be within the power of anybody to object. Now, I can imagine in our town, supposing we gave one firm a preferential rate over other concerns, if there was some Court of Appeal, that could be stopped.

Q. Hydro determines that now? A. We do not look upon them as an independent body. We look upon them as one party to the contract.

TO MR. JEFFERY:

Q. They are not a party to the contract between you and your customers? A. No.

THE CHAIRMAN: Orillia, for instance, has a system of its own and these people say they should have the same right of fixing the rate. Mr. Butterworth says if you give a higher rate to one man in a community than another you will generally hear something about it and the people would put the Commissioners out and put others in their place.

Q. Have you anything further to say as to the relations between the Government and the Commission? A. No, as far as that goes, we have no wish for any change, but on the other hand, we would rather expect that we would hardly get as fair treatment on the one hand as the other. We do not see why the Government of Ontario could not do just as well as Hydro along lines of financial responsibility. I have two other members of the Commission with me. The clauses in the Act that we think should be considered are: Section 2, subsection B and sections 7 and 8. They deal with the rates and we think there should be some amendment to them, so that we won't be paying such a large proportion along that line. I think myself that we will get some adjustment of that, as the Hon. Mr. Lucas has said, it is beyond all reason.

MR. STUMP: I do not wish to speak. I think Mr. Butterworth has covered all the points.

OWEN SOUND.

JOHN LEGATE.

.....

The Utility Commission of Owen Sound had a meeting Tuesday morning; I am Chairman of the Commission. We are very much opposed to taking the matter out of the hands of the Government; we think it is much better as it is for this reason, that in the first place it could not be financed nearly as well as it is now. We claim the Government should really represent the people, they are elected by the people, and no doubt have an interest in the welfare of the province and of the people, and we think we should leave it as it is.

Q. Assuming that you leave the appointment of the Commissioners in the hands of the Government, would you make any changes in the present law?

A. I do not mean that altogether to leave it in the hands of the Government to appoint the Commission, but what I understood from the notice we got from you was to take it out of the hands of the Government altogether, and place it in the hands of the municipalities, that is what we are opposed to. We think it would be a good thing to have a representative of the municipalities on the Commission.

Q. Chosen by the municipalities?

A. Yes, and we would go so far; there are to be five on the Commission instead of three- one appointed by the Niagara system, one by the Northern system and one by the Eastern system.

Q. Would you join the Severn and the Wasdell systems?

A. Yes, something of that kind, and then we would be in touch with our man, and the Niagara system would be in touch with their man and we could all appeal to our own

representative.

Q. Do you mean that the Government should appoint some one within that district?

A. We think the Commissions in that district should appoint their representative.

Q. He would be selected by a majority of the Commissions in the different districts?

A. There might be objection, of course, by the Government that they would only have two Commissioners; in that case, of course, that is something that would have to be worked out.

Q. Don't you think three members are sufficient?

A. I do not think so. It has got so large that I do not think they can cover the ground. Last year we had to have an investigation just because we had not a representative.

Q. With three representatives on the Commission appointed by the Commissions, there would only be two appointed by the Government?

A. Yes.

COMMR. R. A. ROSS: Would not you have a good deal of rivalry between the districts? Would not there be log rolling in selecting a representative?

A. I do not know.

Q. Would not it be better to have one man or two men appointed by the whole group of municipalities?

A. It would depend on how they vote, that is my reason for making that statement. Toronto might carry the whole thing and that would not be fair to the small municipalities.

Q. You have always to depend on poor old humanity?

A. It is sometimes hard to place much dependence.

Q. Your present three members are only part time, as it were, except possibly the Chairman?

A. You would not expect them to give all their time to it. Last year we formed an association known as the Eugenia Electrical Association, and I believe each group of systems should have an association of their own, and if we had a representative for each district, that representative could come to the different associations and talk things over with them, whereas now we really have not much representation at all.

Q. You have Col. Carmichael?

A. He never comes near, and when we asked him to come to an association meeting he had not time. Of course I might be wrong, but that is what we think would be the better plan. It will be much better than taking it out of the hands of the Government altogether.

Q. You would not give the municipalities a certain amount of representation on the Commission?

A. Yes, I think it would work out much better.

Q. What would you think about continuing to have a member of the Government on the Commission?

A. I think there should be, because they are really trustees and they have to furnish the money, and they should be represented.

Q. If they had the appointment of the majority of the Commission, would not that give them as much influence as they would require?

A. That might be.

Q. Is not it the tendency of the presence of a Government member on the Board to introduce a political element to some extent, and the Government are responsible for what the Commission does?

A. I do not know, I think the Government would likely put in one of their own.

Q. One has got to be a member of the Government?

A. Supposing they are ap-pointing a Commissioner- he would likely be a friend of the Government, so that it would not make much difference.

Q. They might get a man better qualified than an ordinary member, but if you provide that one of the Commission must be a member of the Government, they have to appoint one of their own members?

A. In that way it would be much better. They might put in a man who would be better qualified for the position.

H A N O V E R.

JOHN TAYLOR.

.....

I represent the municipality of Hanover. I was asked to come down as a member of the Eugenia Association, one of the Executive.

TO THE CHAIRMAN: What have you to say, Mr. Taylor, as to whether or not the members of the Hydro Commission should be appointed by the municipalities, and whether they should assume financial responsibility entirely?

A. I managed to get our local Commission together yesterday evening, and they passed a resolution along that line. We thought if we understood it, and I do not know whether we grasped the full meaning of the proposition or not, but the resolution shows they are strongly opposed.

Q. That is the resolution of your Commission?

A. Yes, of our local commission. "This Commission is strongly opposed to making the Hydro Electric Power Commission of Ontario free from Government control at the present time, for the following reasons:-

(1)The municipalities of the various systems have not sufficient information at present to judge as to the benefits to be derived from a move in this direction."

We feel, of course, that we have gone along and progressed very well, under the present system, and we have no information, as far as we are concerned, and nobody has pointed out to us where we would be the gainers by any change. We cannot see where we are going to benefit by having the burden thrown on the municipalities. The Hydro Electric Power Commission of Ontario is ap-

pointed by the Government, and that brings me to the second part of the resolution.

"We consider the Commission should be administrative only, and should be kept under legislative control."

In other words the way we view the Hydro Commission of Ontario is this. They are appointed to do certain work and they are given their instructions, and they carry out these instructions under the Act. Who is going to direct the Commission? I think the Legislature is the correct body to do that. They are the trustees of the people. They are the ones that we go to for anything we want along that particular line, and I think they should hold the reins. That is the way our local Commission looks at the matter. The Hydro Commission of Ontario should be administrative entirely. If you turn it over to the municipalities and if the municipalities appoint the Commission, then they become a governing body and not an administrative body. That brings me to the third point.

"The municipalities should at all times be privileged to carry any grievance from which they may be suffering to the Legislative authorities."

THE CHAIRMAN: They always have the right to do that.

MR. TAYLOR: Not if you take it from the hands of the Government and turn it over to the municipalities. The Hydro Commission would be in absolute control instead of the Government being in control. The fourth point in the Resolution is:

"We think the entire financial responsibility should not be thrown upon the municipalities because new developments upon the various systems can be more economically handled through the Government than in any other way. The Government should still be the guarantors of the bonds of the municipalities, as they are absolutely safe in doing so

and it enables the bonds to be disposed of to greater advantage." We feel that we are safer in dealing through the Government than we would be in any other way.

Q. Do you suggest any change in the law, as it is at present?

A. Well, I do not know. The system is in a growing state. The Hydro Electric Commission of Ontario has been going on and developing, and there is a large demand for electric power and the demand is increasing, extending and widening. To what proportions it may go, we do not know. It has been growing so rapidly that one can hardly say.

There has been considerable agitation for municipal representation on the Commission; I do not know whether it would be advisable or not. It might have a tendency to steady it from becoming a political football. I would not like to see the Commission made a political football where it would be knocked about from one party to another.

Q. If it were put in the hands of the municipalities, would not it be more likely to become a political football?

A. Just as much so, but if they were working purely from a financial side, and not a political side, it might be different. That is the only thing I can see where a benefit might accrue. So far as the technical men are concerned on the Commission, that is the administrative body, I do not know if you would get better men, even if the municipalities chose them or the Government chose them. One is just as liable to make a mistake as another. The Government has been the trustees and they have assumed the responsibility. I do not know but what would you just get as good men and as good a Chairman? I rather like the idea that Mr. Legate spoke of, that is to have the future developments over the Province at large, and have the different districts represented.

I think that would have the tendency to steady the matter and keep it under better control, and it would be less liable to become a political football.

Q. If you got Niagara power up in the Eugenia system, you would be practically part of the Niagara system?

A. Yes.

C. The number of districts might grow less, and it might develop into the St. Lawrence and Niagara.

A. According to reports, Niagara will soon absorb everything in sight.

M T. F O R E S T.
WILLOUGHBY ELLIS.

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We have not had very much notice of this meeting. The Clerk of the municipality got the notice and we have not had much time to consider it. In listening to the discussion, I would like to ask one question. The municipalities have given an agreement to the present Hydro Power Commission that they will continue to use this power for a period of thirty years and pay charges for that power at cost, and that is to include the cost of the equipment. If they take it out of the hands of the Government what better are they going to be? The municipalities are bound by that agreement to pay for the power at cost price. One thing we have thought of is that before there are any expensive additions made to the system, the municipalities concerned should have some intimation of what is going to take place.

Q. You mentioned that when you were down before?

A. Yes, for instance, now they are saying that the Eugenia system is not sufficient to carry the load, and that we have got to get power from some place else, and we do not know what is going to take place. If it is going to increase the cost of our power, we should have something to say about it, and we should have some notice.

Q. You say that before they embark on any undertaking with relation to your district, you should be heard?

A. We should have a chance to know what they are doing.

As far as choosing the Commission is concerned, that is a pretty hard question to decide. I cannot see where we would gain anything by the municipalities appointing the Commission instead of the Government appointing the Commission. The business has got to be conducted by some head.

Would the municipalities be in any better position to select the man than the Government would be? The Government ought to have a knowledge of the best men available for the job and the best men should be gotten for the purpose. Mr. Legate has suggested that we have more representation. That might be an advantage. It depends on the class of man we get. If it is made a political football of, the fewer Commissioners we have the better. I cannot see there is any great advantage. In fact, I would rather have it the way it is now, the Commissioners appointed by the Government.

COMMR. R. A. ROSS: What about one representative appointed by the municipality?

A. Well, the Government ought to take that into consideration and do it. The municipalities have got to pay for it regardless of what the Government thinks, but the Government are the guarantors of it. The municipalities will have to pay as long as they are solvent. The Government are to supply the money. If there is a link between the Hydro and the municipalities who are supplying the money, and paying/^{for} the cost of power, if the municipalities had some one who could speak on the Board about these matters, that would be a good thing and if they could get a man who could do that, I would be in favour of it most decidedly. Under the system as it is, we should carry it on the best way we can. I would not like to see the Government deposed from control. There is a looseness in the agreement between the Hydro and the municipalities; we have absolutely no say in what is being done.

Q. The municipalities can make representations to the Ontario Commission?

A. Yes.

Q. They are pretty well in touch with the Commission?

A. They are, of course. Mr. Jeffrey says the Act requires them

to do certain things and that is all right in some cases, but it is pretty hard to make a hard and fast rule for each municipality. Each municipality has its own working conditions, and the Act makes them all practically uniform.

Q. It might be a question of making the Act more flexible?

A. Yes, if they had a local man he would have just as much interest in seeing how things go along. Under the old conditions, under private ownership, we did not have any of those objections that have been brought up. We always paid the uniform rate and we had no trouble.

TO MR.LUCAS: You have an association in your system?

A. Yes.

Q. You meet at certain intervals?

A. Yes, once a year.

Q. You invite the Hydro representatives?

A. Yes.

Q. Did you have any trouble in getting them there?

A. No, no trouble. Our whole aim is to get the thing in as good condition as possible.

TO MR.JEFFREY: All these expenditures of which you speak are explained to you at that meeting?

A. Yes.

Q. They are discussed before they are undertaken?

A. We have discussed them as far as our local conditions are concerned on several occasions, but we still think we have this grievance. The local conditions require different treatment. The rules should be more flexible.

N O R T H B A Y .

MAYOR MCDONALD.

....

Even before listening to the other representatives of the lower Ontario municipalities, we knew we were in a different position in North Bay and in that section of New Ontario, than are municipalities here.

Q. What is your position ?

A. I happen to be Mayor of the Town.

Q. You are a member of the Local Commission as well?

A. We have no Commission. We are in this position: that the Ontario Government owns the system and it is simply operated by Hydro. That has worked out very badly for us. Apparently - whether we can blame it on the Government or Hydro - for some reason or other we have been badly neglected. We have municipalities there ranging from a thousand up to 12,500, all with large power available for development, yet we have been allowed to eke out an existence there in face of this South River power developments, and as a result of it, during last Winter our own town of 12,500 and the neighboring towns, were without any power for any purpose, for pumping or lighting, or for any industrial purchases. That situation should not be allowed to continue. We felt that we had it overcome when we got the assurance from Premier Dury during this last Winter that they were prepared to develop power on the French River, which is the logical place there for development of power in quantity for the north country.

Q. The Hydro has a development under way for North Bay?

A. Their developments are entirely inadequate for that section of the country. They are simply using the same water over again. However, we were supposed to get, say 2,000 H.P. Last winter we were not getting anything.

Q. They say they can give you 3,500? A. We have heard that before.

MR.JEFFREY: You were getting some power?

MR. MCDONALD: We did not have enough to run our pumps.

MR.JEFFREY: You did get some power?

MR. MCDONALD: I do not know where it was being used. We were without any power to run our pumps, to light our town, or to give any power to industries.

Q. Were none of these electric stoves run?

A. No, they were off. As a matter of fact, the Hydro have refused to let us instal any stoves in North Bay within the last year or so. I say we were in the position - we had the assurance from Premier Drury that if the Dominion Government would put in the dams on the French River and undertake water conservation work, that the Ontario Government would undertake power development.

Q. It was suggested that the matter should be taken up?

A. We appreciate that. When we got - as a matter of fact, following up Premier Drury's promise, we went to the Dominion Government, and they undertook to put in the dams on the French River so as to allow the Provincial Government to go ahead with their power development, but then, on the basis, I am satisfied, of information given to them by the Hydro Electric Power Commission, when it came to a show-down, Premier Drury, to a certain extent, side stepped, he took this position: He says, "Now, before we will develop power on the French River, we want the Federal Government to undertake to develop the French River as a navigable water-way". That is a bigger proposition, and it would not in any detail affect the cost of the development of power, because after the Dominion Government put in dams, then the develop-

ment of power comes and would not be affected by putting in the French River water.

That leads me to the suggestion that we have up there the biggest silver mines and pulp mills and nickel mines in the world and all that sort of thing -

Q. Not very near North Bay?

A. We are to a certain extent the hub there. And naturally with these developments other industries should be allowed to develop in their wake.

Q. The Mond people told us they didn't want any power from the French River?

A. The British-American Company are looking for power.

Q. Did you ever try to see how the Government or the Hydro what sales they could rely on if they did develop the French River? A. Yes.

Q. Have you got any binding agreements?

A. I daresay when they were undertaking to spend hundreds of millions for development down here, they did not have binding contracts.

Q. If you had that it would help you?

A. Yes. I do not think the Hydro Electric or the Government down here can just get the proper perspective of the needs and possibilities of the power development in the North. Apparently it is worrying your Commission that if a representative is appointed on this Hydro Electric Power Commission from the municipalities you would have a Board of four.

Q. We have no worries at all?

A. Apparently it was in the mind of some members of the Committee, but I say the people of the North feel very strongly in view of the way power development has been kept back in the North, that we should from Northern Ontario,

which is, as far as size and power development is concerned, five-sixths of the Province, that we should have a representative on the Hydro Electric Power Commission. 5029

Q. North Bay?

A. No, I do not mean North Bay.

Q. It is the only Hydro proposition up there?

A. As a matter of fact, there is with me today, Mr. Barker, who was Chairman of our Power Commission, representing right through to Sudbury. We feel we should have a representative on the Hydro Electric Power Commission who would be seized with the needs of Northern Ontario.

Q. Mr. Legate did not include North Bay?

A. No, and I felt put out about it. We feel that Northern Ontario should have a representative on the Hydro Electric Power Commission, then we would, perhaps, get something worked out that would allow power to be developed in the North on an equitable and fair basis. We have up there- our municipalities scattered, the transmission lines would be long and our industries have to grow.

Q. In fact it is very difficult for the Hydro to operate up there; ~~then~~ must not it be largely undertaken by the Government itself?

A. That is why I say if we had a man on the Hydro Power Commission who would be actively interested in the development of the North country. At the present time a lot of our power has been allocated to private concerns, that is the only way we could get development. If we had a member of the Hydro Electric Power Commission who would bear in mind public ownership and the development of power for the municipalities it would be better. If there was a man on there we would perhaps work out a system whereby the period for repayment could be extended over forty-five years for New Ontario rather than thirty years, as provided in the present Act?

Q. The Hydro has been active in your locality; has not the

Legislature voted several hundred thousand dollars within the last two years?

- A. If they have, we have not seen the results yet.
- Q. Mr. Jeffrey told us a good deal about it when we had the matter up before and about the work they had planned?
- A. That is very gratifying if they have, but we have not seen the results of it as yet.

TO COMMISSIONER R.A. ROSS:

- Q. The root of the whole matter seems to be the amount of power available in the district. We understood that you were to get together a Committee or something to investigate what you can get in that district; have you done that?
- A. We have, and we had all the municipalities banded together. Mr. Barker who is here, is President of the various municipalities.

It was on the basis of our representations that Premier Drury undertook for his Government, to develop power and then apparently from information from the Hydro Electric Power Commission, he switched on it, and that is why the people from the North feel we should have a representative on the Hydro Commission.

- Q. How much power would you get?

A. The municipalities represented were prepared to take 24,000 H.P., that is the amount that would be developed in connection with the first two units on the French River. If the Hydro Electric would develop the first unit, and give us 12,000 H.P., so that we would have an assurance at least that we would not be thrown into the condition we were in last Winter.

- Q. The Hydro usually like to do this work, why did they turn it down in your case? Was it a wide scattered net they would have to take up?

A. That is why we would like a man on the inside to know why

why they take such a stand as that.

Q. You would like some representative on the Board?

A. For the North Country.

Q. Supposing you could not get one from the North country, would you be better satisfied with one representative on the Board than none?

A. If you get a man from near Windsor he won't appreciate the needs of the north country at all. We feel that we have a constituency there large enough to warrant consideration of having a member appointed on the Commission.

Q. Are you prepared to take over all your local distributing system and the generating plants?

A. It would be a matter of how they figure the cost.

Q. They paid that for you?

A. Our franchise does not run out until the end of 1925, and it would be a matter of investigation, but we feel that the Hydro and the Government are maintaining a system and plant that is entirely inadequate for the development in that part of the country.

Q. Hydro told us they were going to give you 3,500 H.P. and that it would tax you to use that up?

A. That is why I say it needs a little extra vision.

N O R T H B A Y .

DAN BARKER.

.....

TO THE CHAIRMAN:

Q. Have you considered this question as to whether it would be better to take the Hydro proposition out of the hands of the Government and put it in the hands of the municipalities?

A. No. I think the Commission is elected by the Government at the present time wholly. As far as the appointing is concerned, I think it is in the proper hands now. I think it is in better hands than if it were in the hands of the municipalities. I think if it was left to the municipalities there would be a lot of friction taking place. If a member was chosen from a certain municipality, the other municipalities would be jealous. It might be all right if they got the right man from a certain municipality and if they were agreeable, but I think it would be a hard thing to get them all to be agreeable. The North would think they should have a representative, and the South would think the same, and the other districts would think the same, and then it would make a very large Commission, and it would be beyond reason altogether. I think it is unnecessary for the Government to have a member of the Government on the Commission. I think if the Government appoint the Commission, they will appoint who they like; I do not think it should be compulsory for one of the Commissioners to be a member of the Government. Let him be free of politics and let them be appointed by the Government, and give them a three years' term, at the pleasure of the Government, as it is now.

TO COMMISSIONER R.A.ROSS:

Q. Don't you think you would get a better representative if he was a member of the Government, and he would have access to the Government, and he would have the status of a Cabinet member? Don't you think they would be more likely to select a little politician who needed a job? Don't you think you would get better timber out of the Cabinet than if was left open to the Government to select any man?

A. Do you mean to create a Minister of Power?

Q. Three members are now appointed by the Government, and one of them has to be a member of the Government. Would it be better to keep it in that way and insist that one should be a member of the Government?

A. I think if the Government are appointing the Commissioners, they should not be compelled to have a member of the Government. Make it like the T.& N.O. Railway Commission. Keep them away from politics. The Government changes from time to time and one man has to retire.

Q. It would always be open for them to appoint a political favorite?

A. Yes. I think they could possibly get a better man if they were free to appoint any man, whoever they saw fit.

Q. I suppose you will find as good men in one political party as another?

A. Yes, I think better. The Hydro are just trustees for the Government, and they are supplying us with power at a price.

We feel that we have been sort of neglected. We have a small power development, and no doubt Hydro is doing the best possible with the development, but there are additional developments on the same stream, and they propose to utilize

these this coming Summer. The past season was not favorable and our power supply fell very flat.

Q. That was on account of the water being shallow and freezing?

A. Yes, it froze to the bottom. They are not making any reservation this Spring. We have no guarantee that next Winter is going to be any different. It may be just as severe as the present one.

THE CHAIRMAN: Do you propose to put dams in to make it a greater depth of water?

MR. JEFFREY: Yes, we bought a couple of oil engines that were utilized this winter. We expect to have the new plants in operation before the shortage comes on, and we expect to be able to take care of all their requirements next Fall in spite of lack of rain.

THE CHAIRMAN: Do you think you can take care of them without any auxiliary?

MR. JEFFREY: We expect they will increase their consumption.

MR. BARKER: We feel up there that we have a large development close at hand on the French River, and it would be better for the Government and the Commission to develop that power for us and give us a larger development and a larger area, -520 square miles of lake basin and about 4000 square miles of drainage. They could do that on the French River instead of spending the money where they are going to and putting in oil engines. In two years from next December our franchise expires; we are handicapped unless we get a larger development and we are looking for the Government to spend money now so that they can develop more power, and we do not want them trying to use the

water three or four times, because they may get no water at the last dam.

Q. You think the present development will not be satisfactory?

A. It cannot be satisfactory to us. It did not take care of us last Winter; we were down to 200 H.P.

Q. Are you making any investigation as to the French River development?

A. I do not know just what is being done, but I understand an estimate is being made. As far as upsetting what the Premier had decided to do I do not know about that. I understood the Hydro Commission had made a report on the basis of which Premier Drury had hedged. I know nothing about that.

Q. It was said he had something on his mind and you came along and changed it?

A. The report was made and submitted to the Commission, and Col. Carmichael asked the cost and how much we would get out of it, but as regards the matter of rates, nothing was said about that, as far as I know.

COMMR.R.A.ROSS: That is the heart of the whole matter. You can develop power on the French River, but the power has to be sold to somebody and that somebody has to pay the cost. Are your municipalities willing to get together and say "we will take this power at cost" and see how you can sell it.

MR. BARKER: I think as far as the Chairman of the Hydro Commission is concerned, I have always found him very enthusiastic over the development of the French River. I do not think he wanted to purchase the other plant at all, but the French River is under Federal Government control. It is a navigable stream, and we came down and took

it up with the Government, and asked them if they would develop the power, and then we went to the Federal Government and asked them to give permission to the Ontario Government. We took it to both parties and at the third meeting something came in the way.

COMMR. R. A. ROSS: What have you got in the way of marketing the power, and are you willing to take that market and put up your own securities?

MR. BARKER: We took the municipalities from Powassan to Sudbury, and all the municipalities were represented, and they asked for 25,000 H.P. if the Government would develop the French River.

Q. Did they sign up?

A. There was no signing up.

Q. Did they say they would take power at a price which would cover cost?

A. Provided it was not too high. We have to get this information from the Commission. We were looking to the Engineers to tell us what the cost was going to be.

Q. Did you get information as to the amount of power that would be taken?

MR. JEFFREY: No.

COMMR. R. A. ROSS: We understood that the Committee were to tell us the results, as to how much power could be sold, but we have not had these results.

MR. BARKER: We went to Sir Adam Beck last Fall, and the Commission could not do anything unless the Ontario Government and the Federal Government got together and then we got them together.

Q. What about your market for power?

A. The representatives of the municipal councils came together at a meeting and formed an association, and said they would take 25,000 H.P. if it was developed within the next five years. The price, as near as we could get it at the time, was \$28.00. I think the Province of Ontario, who has backed up Hydro for the people of the Province, should develop the power when the municipalities ask for it. It should be done on a pooling system, or in some way so that each municipality would be placed on a level with his neighbor. The water belongs to the people of the Province as a whole, and if they had some pooling system whereby each municipality would take it at the same price as his neighbor it would be much cheaper.

Q. That would be the flat rate?

A. Under the pool, the cost of power developed throughout the Province of Ontario was that each municipality would pay the same rate as any other.

Q. If you lived near Niagara Falls, would you expect to get power at the same rate as if you lived three or four hundred miles away?

A. They have no more right to the water at Niagara Falls than has the other fellow.

Q. You all get it at the same price at Niagara Falls. If you lived one hundred miles from a coal mine, would you expect to get your coal at the same price as a man who lived just at the pit?

A. We do not get it, of course, but here is the dissatisfaction. One man wants to sell power and the municipality wants to take it, and if a system could be adopted so that electric energy could be utilized for the people, it would be cheaper because it is the cheapest and best power we have got, because coal is expensive. If some legislation could be put in force, whereby municipalities could have the power

development at a price that they could afford to pay for it, it would be much better.

Q. If the power is sold to the municipalities at less than cost, somebody has got to pay for it?

A. Either that or it could be carried for a longer period of years, longer than/^{the} thirty year period. Hydro would be more elastic if that could be adopted. Now, I suppose they are more elastic in some places. If there was something in the Act that would allow Hydro to do that it would be better, because they know better than anybody else the position of the municipalities. It is not Hydro that is against the French River development; as far as the Chairman of the Commission is concerned, he is very enthusiastic, but it is a complicated water scheme.

TO COMMR.R.A.ROSS: You have not got the market, and that is the important factor. The only things you have in the district are your natural resources. They would not demand a very large amount of power. You have the nickel mines and, perhaps, a certain amount of pulp and paper. The nickel mines are satisfied; they have their own power, and they do not want any more. What else have you got? The small towns will take very very little power, and they are not willing to pay the cost of that power?

MR. BARKER: Up there the municipalities are optimistic enough to think if we get 24,000 H.P. we will consume every bit of it.

Q. But you have got to get that on paper?

A. We cannot get anybody to sign a contract with us for power when they cannot get it. When the British-American Mines wanted it they could not get it and they went elsewhere. They were not going to wait four or five years. The first thing that would be asked would be "what price will

we have to pay"? We would have to have some knowledge of the possible rate, and we have not got that yet. I understand Hydro is talking of a distribution plan, so much to Sudbury, and so much to Sturgeon Falls and so much to North Bay. We are certainly handicapped at North Bay, and we are going to be handicapped. They have put in oil burners, but that is going to be expensive.

Q. You cannot have the French River developed for sometime, and in the meantime you should not be putting your power in to cooking stoves. You have a small amount of power there, and you need it for electric lighting. The power you put into cooking stoves should be put into something else. It would be better to use it for lighting and manufacturing purposes?

A. You would not think so if you had to pay the price we had to pay for fuel up there.

Q. Using a silver dish-pan in the kitchen is not economic; it is a luxury.

A. Electric cooking is not a luxury.

Q. You can do your cooking with coal?

A. We are paying up to \$21 a ton for coal.

Q. When you have used it all up for stoves and irons and things of that kind for the house, and have not sufficient for lighting, what are you going to do?

A. Cut out the stoves. We did cut them out last Winter so we could develop some power.

THE CHAIRMAN: I can run a stove for less money by electricity than with coal, and I am sure they can do the same thing in North Bay.

MR. BARKER: Electric stoves would not be used if they were not cheaper than cooking by coal.

COMMR.R.A.ROSS: The engineers are afraid of the stoves and they cannot keep up with the demand for stoves and household utensils. We have the water, but it is harnessed. The cost would be too high to permit stoves being used.

MR. BARKER: If they make the development, we will use up the power.

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W I N D S O R.

MAYOR HERBERT WILSON.

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TO THE CHAIRMAN:

Q. What have you to say about this resolution passed by the Ontario Municipal Electric Association on the general question as to whether it would be well if the municipalities did all their own financing for Hydro Electric power, that is do all the financing that is now being done by the Ontario Government, and appoint the members of the Commission; in other words, to have the whole responsibility and control?

A. Let us take the first one first. Speaking for Windsor, and I may say the border cities, I would say it would be a good thing if the control of Hydro was in the hands of the municipalities. I would say it would be well to have one member on the Commission from the Government. As far as the present Government is concerned, they do not consider Windsor in anything. I am not using that as an

argument but simply to say that I think the municipalities capable of handling such a thing as Hydro - they have from the start. I do not recall anything in connection with Hydro that was not first of all put before the people and voted on. The vote, as far as Windsor is concerned, has always been favorable to Hydro. At the present time we have no complaints whatsoever of Hydro. Regarding who the members should be, we do not care whether they come from the North Pole or North Bay, as far as we are concerned. We are only interested in the fact that those on the Commission should be capable men and fair minded men. That is just about how we feel in our district. As to the cost, we are not squawaling about the cost. The chief thing we want is the facility to operate. No doubt, in your investigation, you found that we wanted a lot in Windsor, but everything we get we expect to pay for, and we do not want to be hampered. We are in a growing district. We pride ourselves that we are growing just as fast as any other municipality in the country, and we are sound financially, and we feel that we are able to take care of all those things. I would say that decidedly we would like to see Hydro handled by a Commission composed of the municipalities. Personally, I would have no objection to one member of the Government being on the Commission, because he might be useful in more ways than one. He would be of use for legislative purposes. Things would have to be brought to the attention of the Government from time to time, but outside of that, I believe the municipalities are capable and have got the right kind of public spirited men who would be able to handle it, and not be subject to being told too much about what they would have

to do. Men in a position of that kind require back-bone, and they should be able to say "No" when necessary, and to say "Yes" when required. There is a possibility, probably, that the appointment made by the Government - not at the present time, but it might be in the future, and it may have been in the past - that the Commissioner might be dictated to to such an extent that his job would be gone if he did not do as the Government told him. The municipalities would not put such a restriction on a capable man. In my own opinion, and probably in the opinion of a great many from Windsor and that district, they are in favour of the municipalities handling Hydro.

When you come down to the financial burden in connection with Hydro, we do not take a very serious view of it. I have listened for the last four hours to you, Sir, and to the different people you have questioned, and you have seemed to lay quite a lot of stress on the financial side of the question. We may be misinformed, or may mis-construe the meaning of this matter, but we do not feel that the Government has gone out of its way in carrying such a great deal of responsibility in connection with the bonds of Hydro. We feel that the people have voted on the expenditure of certain money, and on the strength of that vote, the municipalities have really become the logical bond holders, or are responsible for them.

Q. Would you be in favour of the municipalities giving their bonds?

A. Just a minute now. I will get to that in a minute; the point I want to make is this. I say, at the present

time the municipalities are responsible for those bonds. The Government, apparently, are assuming that the municipalities have already assumed responsibility for these bonds, so the Government has what we might term a double security. In the beginning of Hydro it was thought desirable to add special strength to it by having the Government on the bonds and debentures. In the infancy of Hydro we did not know what a very huge development it would come to, but now we are satisfied that it is one of the greatest assets of the country. That is what we think down our way; I do not know what they think in other places, but we are satisfied down thers. When you ask would the municipalities be satisfied to relieve the Government from their responsibility, in that question should not be brought up at this particular time, but as far as we are concerned down in Windsor, we have not given the necessary thought and consideration to it so as to give you a definite answer; we would be very glad to give you an answer if you will give us time to go into it.

Q. This resolution passed by your Association provides that the municipalities shall relieve the Government of all financial responsibility?

A. The Association may have passed that, but without consultation with my colleagues, I would not feel free to answer that without some consideration, but we feel that we could give it consideration.

Q. You are not prepared to give an answer to-day?

A. No, I would not do wo.

Q. If you do come to any conclusion, perhaps you will send us a copy of your resolution?

A. We certainly would. I feel like some of the previous speakers, that it is quite a financial obligation, and would

have to be worked out, not by ordinary laymen, but by financial experts who would be able to advise ways and means of transferring the liability from the Government to the municipalities. Personally, we feel that we can almost assume anything we have already pledged ourselves. That really is about all, Mr. Chairman. As far as we are concerned down there, we want to go ahead. We want the Commission in such a way that we will not be delayed when we want anything done. We feel in our district that we have been delayed, but we have spent a lot of money and we are asking for more this year, and we want it, and if there is any chance of getting it we are going to get it.

Q. Are you extending the railway?

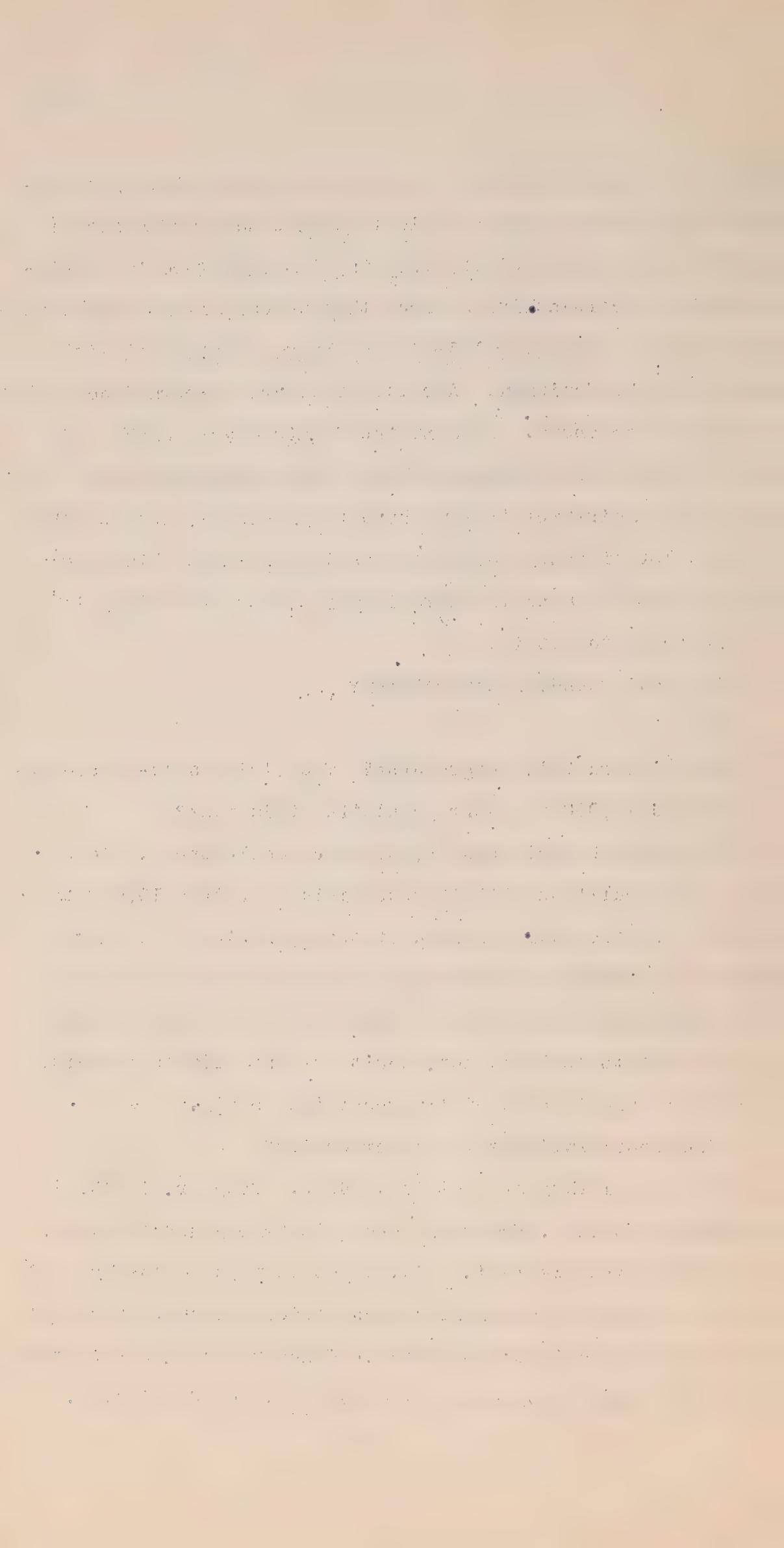
A. Yes.

Q. How is Ford City progressing? They told us they were going to add 10,000 to their population this year?

A. We expect to put about 6,000 more people there. We expect our population will increase this year from 10,000 to 15,000. We are sadly in need of transportation. We have passed the matter of spending money through the Municipal Councils, and if you have got anything to do with stopping it, we want to tell you now, don't put any efforts forward, because we are in need of transportation badly.

Q. How about switches to the breweries?

A. You recall they are not in Windsor. They are in the suburban districts. However, they help to pay for the line, and that is what we want. Ald. Tusome is with me to-day, and I will not take up any more of your time, except to say that Mr. Tusome has followed up Hydro in Windsor from its inception, and would like to say one or two words to the Commission.



CHARLES R. TUSON.

.....

You are asking about the switches in the Western part. I am informed they are working them hard at night time and as much as possible in the day time. I have listened to a number of people on this question to-day. It seems to be some little family quarrel. I might say personally I have been interested in Hydro since its inception. I went down to see Sir Adam Beck to ask him to come to Windsor, and he came there, and from the time he came there, Hydro has been popular in Windsor, and without Hydro we could not make the progress that we are making.

Q. That is not the question that is before us. The question is whether any change should be made in the constitution of the Commission, and whether any change should be made in the method of appointing Commissioners, and whether any change should be made in the financial relationship of the Commission and the Government?

A. Well, I feel this way, that after the agitation and dissatisfaction that we have been hearing so much about, some change might be advisable.

Q. What change would you suggest? What about these resolutions passed by your Association? Are you in agreement with those resolutions?

A. I do not recall those resolutions minutely.

Q. The resolution was that Hydro should be controlled by the municipalities, and instead of the financial responsibility resting on the Government, it should be assumed by the municipalities?

A. There seem to me to be two factors linked up, the one the financial part of it, and it is not going to be easy to transfer the financial burden. In dealing with the mat-

ter this morning you and others stated that there might be some trouble about transferring these bonds, and inasmuch as it might be assumed that the bonds of the Provincial Government are about as high-class Bonds as can probably be, there might be some trouble in some of the towns or cities where their bond issues are not very high-class, and taking that into consideration for the time, it might be advisable to have one member of the Government on the Commission and two appointed by the various municipalities. After all, it is not a matter of interest or dis-interest, it is a matter of policy or management.

Q. Have you found the present system working unsatisfactory to you?

A. I cannot say that it has in particular. You were down to our city, and we listened there very attentively to what you had to say pro and con, and we thought you came away quite convinced we in the border cities were satisfied with conditions as they were. You will recall that we have only been operating the railway for about less than three years, and we spent this year almost a million dollars, and that will make our investment about four million dollars (\$4,000,000), and that is in nine municipalities. And any of these gentlemen who are not sufficiently versed in that particular line, might come down and see what can be done with Hydro Radial lines.

C. We were over your line and we listened to what you had to say about it, and I think if there is any district in Canada where a road of that kind should pay, it is in the border municipalities, and in our report we stated it certainly should pay.

A. We are doing business down there with nine municipalities, and that, in its inception, was not an easy thing to carry out. The different municipalities have passed their apportionment for their responsibility of the work I have just mentioned.

Q. You think there might be some difficulty in getting all the municipalities to work together?

A. I cannot help but foresee there might be some difficulty in assuming such an enormous obligation for two hundred million dollars.

Q. The original Hydro Act provided that the bonds should be issued by the municipalities themselves and that the provinces should assume no responsibility?

A. Yes.

Q. Afterwards Sir Adam Beck brought in a Bill in which he took it away from the municipalities, and made the provinces responsible, and it has been in that way ever since. One reason he gave for making the change was that it was difficult to get a number of municipalities to work together?

A. It is true of municipalities the same as it might be in domestic life. They have their little differences, but we are getting along very nicely down there. Of course, men are elected to the Council year after year, and sometimes they will ask foolish questions, but we always have a sufficient number of men in the Council who understand Municipal business, and we are getting along very nicely. We have not any complaint about Hydro. In fact, we came here rather to eulogize Hydro.

Q. This Municipal Association brought forward certain proposals for radical changes, and that is one of the subjects we have to report upon, and we want to get the opinion

of the different municipalities, yours amongst the others, as to whether or not these changes should be made?

A. I am in favour personally, and some of my colleagues are of the same opinion, that two of the members of the Commission ought to be appointed by the municipalities, as they are so heavily interested, and that the other one should be appointed by the Government, so as to keep us in touch with the Government.

Q. You would appoint them for a certain term?

A. I would say yes. I would not go so far as to say they should be appointed for life. You might appoint Sir Adam Beck for life if you like. We always admire him. The others should be at the pleasure of the Government for three or five years. It seems to me it would be just as well to have younger men. I am not in favour of a Commission of five. I think three would be better than five.

Q. How many votes would you give to each municipality?

A. It would be on the same basis of apportionment. It would be a matter of working out the details.

COMMR.HANLEY: Proportionate representation?

MR. TUSON: P.R. or anything like that.

We feel that Hydro has got to be such a gigantic project and so solidly based, that there is no possibility of it ever being a failure, and these bonds ought to be accepted at the same rate of interest as Provincial bonds, and if it could be arranged that Hydro could take the bonds over and the municipalities guarantee them, that might work.

Q. You would not wait for the taking over of the bonds before you change the Commission?

A. No, Sir, I would not because I think that would take too long. I think the changing of the bonds is a very serious matter and will require a great deal of detail work and

and high financing. The bonds are all sold and probably the holders would like to hold them in the same way that they are now.

Q. Is there anything more that you would like to say?

A. I do not know, you simply want to cover two or three points.

Q. If there is anything following upon those points, we will be glad to hear from you, but we are not dealing with the Hydro situation generally. We just want to cover the point of the financial situation and the relation between the Government and the Commission?

A. I do not know any more than this. The Provincial Government will have to acknowledge the fact that this is a large undertaking, and it must double, and the province benefits by the municipalities progressing, and the Government ought to be interested in that, even if they do not help with the financial situation. It seems to me that these petty things ought to be squared away and overcome, and we ought to be big enough to get right down and do business without getting politics into this Hydro situation.

MAYOR WILSON: There is one thing I forgot.

In the earlier time when we were applying for so much money for the extension and re-construction of some of our trunks, the Government at that time seemed to take exception to the amount of money that we should expend, and I meant to speak on that point. It leaves it in such a position that even if the municipalities, in their wisdom, see the advisability of expending so much money on trunks, the Government, in their wisdom, seem to feel that they could curtail and they did curtail the expenditure, although the municipalities thought the money should be expended. While I do not think we should ask for a Commission that would do

everything that we wanted, but we feel that a Commission appointed by the municipalities would be more sympathetic to us and would make our way more easy in some respects. They might not allow us to spend rashly, but the Government took the view that they could curtail our expenditures.

Q. You think the Government should exercise no discretion in the matter, but raise all the money you ask them to?

A. Of course the municipalities are assuming the responsibility and they are liable for the bonds, and if they are assuming the responsibility, there is no reason why they should not have the money.

Q. The party who is advancing the money should have some say as to how much he will advance?

A. The Government does not come down to our district to find out whether we are justified. They simply say "You can have so much money, and that is all."

Q. You think it is not a matter for the Government to say whether the expenditure is wise or not, but as long as you are willing to assume the responsibility, that settles it, and the Government should not look into the wisdom of the expenditure?

A. If the Government are going to look into it, we would like them to look into it sincerely, and come down and look the railway over, and not stay in Toronto and say we can only spend so much.

Q. Have the Government taken that attitude that you are not to have more than a certain amount?

A. Yes. We wanted to reconstruct our lines in the city of Windsor and we wanted one and a quarter millions, and we were only allowed \$900,000, which was totally inadequate to give the service the people were asking for and demanding.

Q. Did the municipalities pass a resolution asking for more than \$900,000?

A. I think I am safe in saying that we passed a resolution asking for one and a quarter million, and we were informed that \$900,000 was all we could have.

Q. Did the Hydro request that from the Government and the Government refuse it?

A. I cannot say definitely just how it was put, but the municipalities asked for one and a quarter millions, and the Hydro systems wanted one and a quarter millions, but when it came down to the question of securing the money, we found that \$900,000 was all that we could get.

Q. I think you will find that is all the Hydro asked for?

A. Probably they looked upon it that a half loaf is better than no bread, and probably they were afraid to ask for the larger amount.

THE CHAIRMAN: Did you ask for more than \$900,000, Mr. Lucas?

MR. LUCAS: I could not tell you.

THE CHAIRMAN: I think Hydro got all they asked for. Some people seem to take the view that if money is asked for by the Commission from the municipalities, that although the Government have to guarantee the bonds, they should not investigate and try to form an opinion as to whether the expenditure is advisable or not. It seems to me that they should look into the question and see whether, in their judgment, the money is being wisely invested. And they also should consider whether it would be wise for the Government to borrow the money at any particular time. It might not be a good time to borrow on account of the state of the money market. You must remember that they have to raise from twenty to thirty million dollars a year, and they

might find it difficult on account of the condition of the money market?

A. Of course, that is a question of financing. Up to the present time we have not been able for some reason or other to get what we want, and when I say that I practically cover the ground. We feel that we would like to get what we really require. We consider that we are the best judges as to what we want. We do not come to these conclusions hastily. We are in a growing district, and we must have ^{if} transportation, and we are willing to pay for it, and if the people vote in favour of it, we cannot see why we should not be granted the money.

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S T R A T F O R D.

ANGUS MACDONALD.

.....

TO THE CHAIRMAN:

Q. You are Hydro Commissioner in Stratford?

A. Yes.

Q. Whst have you got to say about the question we are dealing with today, as to whether the relations between the Government and the Commission should be changed by taking away the appointment of the Commissioners from the Government and vesting it in the municipalities, and also leave the municipalities finance the undertaking and relieve the Government of the financial responsibility that rests upon it?

A. Answering the first question, the original Commission was founded by Sir James Whitney, and there were three

Commissioners appointed- Sir John Hendrie, Sir Adam Beck and Mr. McNaught, and we were eminently satisfied with the way they conducted the business, although we took issue with them on the start. We certainly did not think Stratford was being treated fairly, because we were paying a higher rate per H.P. than other municipalities, and we thought we were discriminated against. But after the underlying principles of which the Hydro Commission was founded were understood, we came to the conclusion, and I think anybody who has given it any serious consideration must come to the conclusion, that it is one of the soundest business organizations that has ever been founded on the continent of North America. That is my opinion of the Hydro Commission that was constituted by the late Sir James Whitney. I was at Hamilton at the time that resolution was drafted and I had a little to say in connection with it. We are not so anxious to take the bonds away from the Government. That is not what we are after. What we want is non-interference on the part of the Government politically, or any other way with the Hydro Commission. We think the Hydro Commission is being unduly interfered with.

Q. In what way?

A. I might put it plain, in the appointment of this Commission right here. I do not blame any of you gentlemen but we think this Commission and former Commissions have been absolutely unnecessary.

Q. In what way have the Commissions interfered with Hydro?

A. It has hampered their office staff. They have been hauled up here and they have had to bring their correspondence, and it has prevented the staff from functioning properly.

Q. Is there any other way in which they have been hampered?

A. We had a Commission on the flat rate proposition, and while ago. There was a Commission appointed, and they brought in a recommendation to the Government that the flat rate was the proper thing.

Q. That was a Committee of the Legislature?

A. Some Committee brought in that recommendation.

Q. Do you mean to say these things should not be discussed?

A. No, but I say the recommendation was absolutely wrong, and the men who brought in that recommendation did not have a proper conception, in my opinion, of Hydro.

Q. Was the flat rate established?

A. No.

Q. Is there any objection to the Legislature venturing to deal with these things?

A. Yes, we think there was danger. We were threatened.

Q. Is there any objection ^{to} their discussing the matter of appointing a Committee to consider it?

A. No, there is not, but we did not think the men handling it were capable men. We thought they were men in whose hands a question of that kind should not be placed.

Q. You thought it should not be taken up with the Legislature?

A. I do not altogether say that the Legislature should not appoint a Committee, but if they do so they should appoint a Committee of men who are competent to deal with the subject.

Q. You elect the men to the Legislature?

A. I did not elect them, you can bet your life on that.

Q. The people of this Province elect them?

A. We are not responsible for the men they elect.

Q. Do you think the Legislature should not consider

these questions at all?

A. I think they have been considering them too much.

Q. You think if the Government makes a large investment, it should be debarred from making any enquires into it?

A. No; I take it that the municipalities are the owners of the system, and any suggestions for an investigation or anything of that kind should come from the municipalities. I do not think there is one municipality of the Niagara district - and I have been with it since its inception - but what is absolutely satisfied with Hydro as it exists.

Q. Then you think the Government should make no investigation into the business except at the request of the municipalities?

A. I do not go that far. They should make some reasonable investigation, but they should not go too far.

Q. Would you go so far as to say the Government should not make an investigation unless the municipalities decide an investigation is desirable?

A. They should have an investigation if they had absolute proof, that or if they were lead to believe that such a condition existed as would warrant an investigation, but we have not heard anything along that line. If they had anything of that kind, they did not send it to us. That is the way we feel about it.

Q. Do you think they should confer with you before they interfere?

A. No, but we think if there was any complaint, the municipality should be advised, and we think anybody appointed on the Hydro Commission, should be acceptable both to the municipalities and to the Government.

Q. How would you have the municipalities express their

consent or approval?

A. In the first place I think there should be some kind of an enabling Act providing for the municipalities to proceed and redeem these bonds from the Government, if they can, but they may not be able to.

Q. You say they should not appoint members on the Commission unless the municipalities approve?

A. The municipalities should appoint one member, the Government should appoint one member, and probably the two of them appoint the other member, the same as an Arbitration Board is appointed. I do not know that that is the best thing to do, but something along that line could be done. I think the Government should be represented, and the municipalities should be represented.

Q. How would you have the municipalities make their choice?

A. By voting; just the same as a Joint Stock Company.

Q. They do not hold shares?

A. A portion the representation according to the Horse Power taken.

Q. So many H.P. so many votes? A. Yes.

Q. Of course that would put it in a very few hands?

A. No it would not. The small municipalities would have as many votes as the big municipalities.

Q. The big municipalities would be able to choose the men?

A. As it is constituted now Toronto and Hamilton have twenty votes and no more, although Toronto takes a great deal more power than Hamilton. A small municipality taking 10 H.P. has one vote. I heard it discussed today as to the amount of money that had been advanced. Now the municipalities themselves have got a heavy undertaking in the way of installation of equipment in their local plants, and I think that should go side by side with the money that the

Government has advanced.

Q. In what way do you mean?

A. I think this will be broad-casted over the Province tonight, or in the morning, - the money that the Government have advanced by way of loan to the different municipalities, and I think on the side of the municipalities it should be stated the moneys that the municipalities themselves had invested so as to show that the municipalities have got something in it as well as the Government.

Q. One is the local plant, and has nothing whatever to do with the other plant?

A. It will look as if the Government are advancing everything.

Q. Mr. Guilfoyle stated that he did not take into consideration the local plants at all?

A. There was another thing not made quite clear. That was the sinking fund and the provision made for that. As far as the Niagara system is concerned, we were given to understand that the H.P. rate of the different municipalities carried the sinking fund, and interest, as close as they could estimate it. I do not think there is anything more that I can say. Mr. Pocock and Mayor Maguire covered the ground pretty much the same as I see it.

Q. What would you say about the financial question? Have you any definite scheme thought out?

A. There are a number of rocks ahead for that. In the first place you would have to start a campaign of education in the different Councils of the municipalities to get them to understand the Hydro question as the Association understands it. You could not expect the Municipal Councils right off the bat to go and pass a resolution to redeem those bonds ~~if~~ without a campaign of education, and it might require a vote of the people in favour in order to do it.

Q. You think they are not sufficiently educated to do that yet?

A. No, I do not think so. I know down in our town most of the people look upon it as a Government institution, and it would mean considerable education before you could hope to get them in such a way that they are willing to redeem those bonds from the Government. We are not anxious to redeem those bonds if the Government will only let us go ahead and work it out as we think it ought to be worked out.

Q. How would you work it out?

A. By not interfering with the Hydro Commission. That is the only objection I have personally. I think the Hydro is too much interfered with by the present Government.

Q. You have given us one instance of the way the Commission should be appointed. Have you any other instances?

A. Yes. I was one of a delegation that waited on the Premier shortly after his return as Premier of the Province, and I might add that I was very favorably impressed with what he said at that time about the Hydro, and the Hydro Commission generally, and we felt somewhat relieved but his attitude ^{since} has alarmed the people who have the best interests of Hydro at heart.

Q. Can you give more instances of interference?

A. I can, yes.

Q. I think it would be well to give them if you can?

A. There was the Hydro Radial investigation and the appointment of a Committee to look at a more equitable distribution of Hydro electricity, and lastly, this Commission here.

Q. That was the Legislative Committee? A. Yes.

Q. Is there anything but these three things?

A. I think that is enough.

Q. If there are more we would like to hear them?

A. We are not so anxious to get hold of the bonds, as we are for the Government to leave Hydro alone.

Q. You don't want any misunderstanding on that?

A. No.

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W I N C H E S T E R .

J. F. AULT.

TO THE CHAIRMAN:

Q. Have you had a reduction in rates? A. Not yet, we only pay \$85. per h.p.

Q. What have you to say about this proposal that the constitution of the Commission be changed by the appointment being made by the municipalities and the financing done by the municipalities? A. As far as the appointment being made by the municipalities, I do not believe I hardly favor it. I might favor one Commissioner from the municipalities. My reason for saying that would be this: that they might know local conditions better than a Commissioner that had not lived in the municipalities. My idea has always been that we have not got men in this country too big to go on that Commission; we want broad-minded, fair-minded, bright men. If you left them to be appointed by the municipalities you would find that very often a member of a council is looking for little petty jobs and there is a good deal of wiring pulling and very often the best men don't get the jobs and that would be one of the things that I would be afraid of. It might work all right to have one of the Commissioners appointed by the municipalities. If they could be appointed by the Government without political leaning it would be better. I believe the success of the Hydro depends on keeping it out of politics and keeping it away from political influence. If it could be worked out along these lines I think possibly it might be an advantage.

Q. Would you keep a member of the Government on the Commission?

A. I do not believe I would.

Q. You would leave him on? A. No, I would keep him off.

I believe if you could get ~~disinterested~~ men big enough, and no doubt you can, I believe it would be better, because we all know what Government appointees ^amen in a great many cases in past years.

Q. That is in the Government choice of a man they would have an unrestricted choice and they could take them from wherever they pleased without being limited? A. Yes, without being limited. There has been something said with regard to the term of office of a Commissioner. My idea is if he is a good man he cannot be kept there too long.

Q. You could ~~releas~~ him, or would you appoint him for life? A. No, I would not. Now he is appointed during the pleasure of the Government. If a man is a good man and if he is on that Commission for three or four years he would be a better man because he would know more about it at the end of that term than he did when he went in and it might be a mistake to put him off. There should not be any pull or any outside influence. If he is a proper man it would not matter what Government was in power; sometimes the Government changes and that would be one of the things that it would be far better if no change were made.

Q. Could you guard against that? A. I am not prepared to tell you how you can. I suppose the only way is to enlighten the public so that they would take the Government to task if it did anything of that kind.

Q. Was to the financial responsibility; whether bonds should be assumed by the municipalities and the Government relieved of all financial responsibility, what have you to say?

A. As I see it today, speaking now from the municipal standpoint, we are issuing a lot of bonds for good roads and schools and local improvements and I believe we are issuing about all the bonds along that line we can readily get our people to agree to put through and it would be far better to leave Hydro the way it is today. If you can show me where there would be any advantage in taking it and away from the Government/placing it under municipal ownership then I would readily agree to it.

Q; We are not suggesting anything at all? A. My own idea is, as far as that question is concerned, people are pretty well satisfied. I know when our electric plant was put in, when we knew the Government took that trouble it was quite a relief and we have not had any cause to complain. I had a meeting last night and our people said that in their opinion it would be better to leave it just the way it is.

TO COMMISSIONER R.A.ROSS:

Q. The only advantage to be gained by removing it from the Government charge and putting it on the municipalities would be removing it from the possibility of Government interference for political reasons, or commissions being appointed? A. How would that work out? That would not necessarily have anything to do with issuing bonds.

Q. The only reason the Government has for butting in on this job is because they are lenders of the money? A. Yes, but we are responsible for it.

Q. They have that excuse, that is the point, I am not pushing it one way or another but that is the excuse that as long as they have the handling of the money they have

some right to investigate the situation? A. As I understand the thing it is this: at the end of thirty or thirty-five years - the first five years we do not have to pay on our indebtedness and our line is kept in good shape. As far as we are personally concerned, I am very much opposed to touching it. The system is all right as it is today and as far as our municipalities is concerned we feel that it is a lot of bother looking after these bonds. We now get our bills from the Hydro and that is all there is about it and we do not have any more trouble. I might say we would like our power rates reduced but as far as any general dissatisfaction, there is none whatever, as far as we are concerned.

WELLAND

JAMES A. HUGHES.

TO THE CHAIRMAN:

Q. Are you a member of the Local Commission? A. No, I am Mayor of the City.

Q. You know the ground we want to cover? A. Yes.

Q. Tell us what you think about it? A. I have listened very attentively and I can only re-echo the sentiments of several speakers, especially the man from Galt. The question you put to the representative from Galt, Mr. Mercer, covers the ground entirely, I believe. This matter has been taken up both by the City Council and the Hydro Electric Commission in Welland. We have gone into the matter thoroughly and we appreciate that we have derived a benefit from Hydro. We have complaints with them yet but on the whole we are very well satisfied. Some of the

speakers here this afternoon have told you that Hydro in its inception started off in an experimental way and under these conditions it was advisable that the Provincial Government should hold full power. Now, that the expenditure so has got/colossal, it seems to me, that the sky is no limit but the people in the different municipalities are responsible. It is the opinion of the Hydro Commission of Welland and also the City Council, that now is the time for propaganda work and educational work and they think it advisable that the municipalities should have a representative on this Commission. They are in favor of taking it out of the hands of the Government at present.

Q. Wholly? A. No, the second question you ask is a financial one and that requires extensive study. The Government of the Province may be a better inducement to the financial houses when it comes to the sale of bonds. It is not so long ago that the Hon. Peter Smith made an excellent deal and saved millions but even at that, just about the same time, the I believe the City of Toronto made a better deal and that is all right for Toronto, but when it comes to a project of borrowing ten or fifteen million dollars by the other municipalities, ten or fifteen different municipalities, it might be a different thing. The City of Welland might be excellent security and their bonds might sell very readily and the City of Niagara Falls or St. Catharines or some other place might be somewhat shaky; therefore, under the circumstances we say that the financial liability and the financial end of the whole project should be left in the hands of the Government and to be the affair of the whole of the people of Ontario and

we would readily agree to the appointment of one member on the Commission from the Government.

Q. You would give the municipalities the majority of the membership so long as the financial responsibility rested on the Province as it does today? A. Yes, I believe I would. We are also in favor of making the Commission five in number.

Q. How would you divide these? A. That would be worked out in detail and the Province would be considered geographically. We think that such complaints as we have listened to from North Bay, by having five members on the Commission, they would function more satisfactorily on this great problem.

Q. How would they function better? A. By better representation from different parts of the Province.

Q. They would not have any better representation, they are practically the only municipality up in that district?

A. You might have one member on the Commission who knows conditions in Northern Ontario better than he would know conditions in Welland or Niagara Falls, and vice versa.

Q. Cannot you always find out conditions better through your experts or professional men on your staff. If you appoint men by districts there is the danger of lessening their ability because it means a restricted area from which to choose your men. In certain districts you might find two or three excellent members but you would only be able to take one of them, and you would have to take an inferior man from another district. Somebody said there is not a public body in Ontario which requires ^a higher qualified body of men than the Hydro Electric Power Commission?

A. Yes, I believe that.

Q. If you ~~were~~ going to have the best men you must not be limited in your ~~choice~~. If you choose them by districts you are going to lower the quality of your membership? A. We have the privilege of our own opinion on that matter and I differ with you there. I think there are a sufficient number of good men in the Province of Ontario to choose five from and that are very well versed on electrical matters and that would make excellent representatives and they would be in touch with the different districts. That is one of the complaints against Hydro, that we do not know enough of what is going on.

Q. I might say that of any municipality, cannot that be overcome by spreading information of what is being done, amongst the municipalities; so that they would be kept thoroughly informed? A. Yes, if we had a member that was interested we would hope he would be better informed and be able to attend public meetings and that would be better than issuing a pamphlet. If we had a representative who was thoroughly versed he could attend a meeting and inform 500 people.

Q. He can do that whether he lives in your district or not?
not
A. It has been done except upon very rare occasions.

Q. The Hydro Commission might hold public meetings in different localities? A. That might be done. We have been very much interested in Hydro since its inception and I am inclined to think the necessary educational work is over in the Niagara District. I mentioned five Commissioners because I believe if I suggested three I would be a little more selfish.

Q. Don't you think if you had three men who gave their whole

time to the work that you would be likely to have better work and more useful work, than if you had five men scattered through the Province, who would not be constantly in conference and who would only come in occasionally to a meeting of the Commission? A. Maybe it would work out satisfactorily but I ~~have~~ made up my mind in that way, that the Province of Ontario, being so large, that five would be better. If it is as you suggest, the sooner we cut down the representatives in the House the better.

Q. You do not elect members of the House because of any qualification to deal with great engineering undertakings, you send them there to represent the sentiments of the people. This is a different thing to the Legislature, it requires a different qualification. A member of the Legislature might not be fitted to run an undertaking such as Hydro? A. That is true and I think it is business men that we want on the Hydro Commission, just as much as we want electricians. We want first-rate business men and if he has had some experience in electrical work so much the better, but I think we want man on the Commission who have business qualifications and the qualifications that a man is required to have to go on the directorate of a large corporation.

Q. You will find that many members of the Legislature would not measure up to that. I think the whole thing is different? A. Maybe so and maybe that is a slight exaggeration, but I am of the opinion that Ontario is large enough to have five capable men to represent it on that Commission and that is also voiced by the City Council.

Q. I have sometimes found that a smaller body is able to function better than a larger one and better able to render good service to the Province? A. Yes, that might be so.

Q. I think three men ought to be able to conduct the affairs of the Hydro Commission. You suggested that the municipalities should have the majority and that the financial responsibility should remain with the Government. Don't you think objection might be raised on the part of the people to parting with the control as long as that liability remains with them? A. Yes, I believe there would be objection. I think the Government should handle the financial end of it and for that purpose they should have one representative on Hydro.

Q. Don't you think there would be objection to giving up control so long as that liability continued to its full extent? Might it not be better to appoint one representative from the municipalities and two from the Government and then provide that as the financial responsibility is assumed by the municipalities they could increase their membership accordingly? A. No, I would not agree to that because as long as there is financial obligation on the whole of the Province of Ontario there is a great responsibility left and it depends upon the municipalities to make Hydro a success. The municipalities are responsible largely to Hydro for its success. While I do not mean to suggest anything detrimental to the Great champion of Hydro, Sir Adam Beck, yet the municipalities are responsible and Hydro is responsible to the municipalities for its success. Let me tell you of one little problem that we are surmounting in Welland. I have not heard anyone

say that the Provincial Hydro has ever made a mistake but I am going to point out one thing for you and leave it to your judgment to say whether they have made mistakes or not. In the City of Welland, which is an industrial centre, requiring high voltage for the reduction of certain ores, we are compelled to go into large contracts and they are long term contracts. One of them that I might mention is a 40-year contract at \$14 per hlp. That power was delivered into our substation at \$14. We agreed at that time to deliver it to the steel plant for \$15.72, giving us a small margin to cover the cost of delivering. Now, after that the power was raised to \$14, I am speaking subject to correction, it was a year or two years after and we were losers but yet we kept on delivering the full amount of power. That is the way it went on and the load with the steel plant is 1,785.4 and in the year 1922 Hydro went up to \$20, delivered into our substation and yet for 29 years according to that agreement which was recommended by the Provincial Hydro, we have got to give that steel plant up to 1,785. We have got to deliver that, if they choose to require it, for another 25 years, which means \$7,000 of a loss each year to the City of Welland.

Q. I suppose you make some diversity for that?

A. Very little in a reduction plant.

Q. You would have diversity through the City? A. Very little in the City of Welland, because these reduction plants are going 24 hours a day and all week. That is one thing that I claim was a mistake and we are expecting some redress and that is one reason why I claim the majority of the members of the Hydro Commission should be

representatives of the people because much depends upon the municipalities for Hydro success.

Q. Do you suggest that if the Commissioners were chosen by the municipalities you would have received more consideration in a case of that kind? A. Apart from consideration in special cases like that, I say that so much depends upon the municipalities for the success of Hydro that they deserve a large representation on the Commission.

The second question that you ask, should the financial end of it be left in the hands of the Government, and that is what we think in Welland.

Q. There seems to be a general agreement on that?

A. Yes, that is about all I have to say. There are grievances arising occasionally. The one I have just mentioned is a bitter one in Welland and Wulland is suffering very much through it but we are going to get through it in the best way we can.

MR. JEFFERY: The Mayor places that contract in a very unfavorable light to the Hydro Commission and I think unjustly. The contract referred to was a contract entered into with the Electric Steel Company at Welland, at rates at that time that were considered fair. The company has since gone under and today, I believe, Welland is losing nothing on that contract. They have been billing the company since the war ~~with~~ the basis of the minimum bill of 75% on their previous maximum demand, as set out in the contract. The company have gone into the hands of a Receiver and they have sent this power bill to them and the Company has refused to pay, there is some dispute in

connection with the contract and it is to be arbitrated shortly. The arbitrators, I believe, have been appointed and it would seem to me that either that contract is null and void or the company must pay for power that is held in reserve, and Welland will not lose anything by it.

MAYOR HUGHES: You have stated it fairly as far as that is concerned, but you know very well that up to the present time we have a large bill owing us by that company.

MR. JEFFERY: The arbitration will settle what the company will have to pay for the power held in reserve.

MAYOR HUGHES: That is true, you are to be congratulated for having that clause in the agreement.

MR. JEFFERY: That shows the sagacity of the Hydro.

MAYOR HUGHES: What would have happened if that plant had been in operation and we had to supply them with power at the original charge? We would have to supply that power for the next 29 years.

MR. JEFFERY: I doubt if Welland will lose anything. When that contract was taken on it was considered a fair contract and at a rate which would meet cost. If there is any loss in connection with that I expect that if the contract goes on, that loss will be charged to companies operating in the Niagara System and be absorbed by profits from other companies in the Niagara System.

Q. Will that be allowed to Welland?

MR. JEFFERY: Yes, I am not sure that that is what will happen, but that is what I expect.

THE CHAIRMAN: I do not understand what you mean?

MR. JEFFERY: If a long term contract made by the Commission means a loss to the municipality, it will be arranged.

THE CHAIRMAN: They made that contract direct?

MR. JEFFERY: No, they made it with Welland.

There was a recommendation that that contract be transferred from Welland to the Hydro Commission.

THE CHAIRMAN: That would relieve them of possible loss?

MR. JEFFERY: There is a possibility of that being done and I can assure you that Welland was very fairly dealt with and it is not the intention of the Commission that Welland will be a loser on account of that contract.

COMMISSIONER HANEY: The Niagara System would take it out of the other companies, they would all be put in the one boat. The profits made on the other companies would absorb the loss caused by this contract?

MR. JEFFERY: I expect so.

COMMISSIONER R.A.ROSS: Are not your contracts with the company in liquidation null and void?

MR. JEFFERY: We think so. They claim that if we collect for power held in reserve on that contract they still want to hang on to the contract. They want the contract to be in force at the low rates but don't want to abide by the contract and pay power held in reserve. If the Board of Arbitrators think they are entitled to that then we had better change our contract. The power was held in reserve and the lines were alive right up to their

substation all the time and they could take power any time they wanted to.

MAYOR HUGHES: I am delighted to hear what Mr. Jeffery says.

THE CHAIRMAN: You will be encouraged to come again.

MAYOR HUGHES: Indeed I will.

MR. JEFFERY: I am not making any definite promise but I am stating what I believe.

S T E R L I N G
C.B. MAGUIRE.

TO THE CHAIRMAN:

Q. Will you tell us what you think about the subject we have been discussing today? A. I represent only a small municipality and we are using now, I think, 150 h.p. Sterling was the first village to enter into a contract with the Seymour Power Company. We took our power from the Campbellford Power company and we had a contract for a term of ten years with the option of renewal for another ten years and during the first ten years there was a transfer made from the Seymour Power Company to the Hydro Power Commission.

Q. What was your original contract? A. Twenty dollars.

Q. What do you pay now? A. Twenty dollars; when the ten years was up the transfer had been made but we made application to the Hydro Power Commission, intimating to them our desire to continue and they gave us very fair consideration. There was no question asked and they gave us continuation for another ten years at the same price.

Q. You had the rates in your original agreement? A. /They assumed the agreement so we have no grievance. We are

perfectly satisfied with conditions as they exist so far as Stirling Village is concerned. With reference to the second question, as to the advisability of Hydro being taken out of the hands of the Government and places in the hands of the various municipalities, I just wish to state that so far as Stirling is concerned, we wish it to be retained as it is and to remain in the hands of the Ontario Government. We take that position for various reasons.

One reason is the fact that the small municipalities are not able and I do not think that they would come to sell their bonds on the market, that the security would be sufficient and the bonds would not sell as well as the Provincial bonds. A great many of the smaller municipalities are in it now. We bought the lines and substations and installed machinery and we also built our own distribution lines and we issued the debentures for the same and we are paying off these debentures. Various other municipalities are in the same position and therefore they would not agree to take on any extra responsibility and they wish that the matter should still be left in the hands of the Government. That is our position.

TO COMMISSIONER R.A.ROSS:

Q. What about representation? A. I think possibly the municipalities should be considered with reference to representation. I think, possibly, the municipalities should have one representative on the Commission. That representative might be appointed as has been suggested by the various municipalities, in accordance with the number

of horsepower they use, something similar to the way officers of a company are elected.

MR. GUILFOYLE: With reference to the bonds of the Electric Development Company, there are about \$5,000,000 of Bonds, the exact amount is \$4,335,000 and when I came to look up the records I found there is another issue of \$4,102,000 of the Toronto Power Company, not guaranteed by the Province, in addition to that \$5,000,000.

Q. Is that a deduction from the \$4,000,000? A. No, these are issues that are not guaranteed by the Province.

Q. And were not included in the amount? A. Entirely apart from the amount I gave you.

---Adjourned at 6 P.M. until 10:30 A.M. to-morrow. (April 26th, 1923).



